

*Friday, February 19, 2010*

## This Week in Health Care Reform

Debate continues to amplify around the upcoming Health Care Summit. The Summit, scheduled for February 25<sup>th</sup> in Washington, D.C., is considered by members of the news media to be President Barack Obama's best attempt to salvage his health care reform agenda. Some Republicans view the Summit as political theater and a political trap for the GOP. White House officials insist, however, that the Summit is meant to find solutions to issues like soaring insurance premiums.

### **Health Care Reform Negotiations**

***President Obama Extends Invites to Health Summit, Lays Out Agenda:*** Last Friday, White House officials extended invitations to 21 lawmakers - Republicans and Democrats alike - to participate in the Health Care Summit. The list included the top leaders in the House and Senate, as well as the committees with jurisdiction over health legislation. In addition, the top four leaders of the House and Senate were each given the opportunity to invite four other lawmakers to the Summit. The meeting will ultimately be comprised of 20 Democrats and 17 Republicans.

Officials from the White House Office of Management and Budget, the Congressional Budget Office and the Joint Committee on Taxation have also been invited. President Obama did not invite House or Senate Budget Committee leaders, though, including Senate Budget Committee Chairman Kent Conrad (D-ND) and Ranking Member Judd Gregg (R-NH).

The invitation outlines the format of the event as follows:

- President Obama will offer opening remarks.
- A leading Republican lawmaker and a leading Democratic lawmaker will each comment.
- The President will then moderate a dialogue on: insurance reforms; cost containment; expanding coverage; and the impact of health legislation on the deficit.

Prior to the Summit, President Obama has asked House and Senate Democrats to resolve the differences between their bills and produce a final proposal. However, House Democrats said Thursday that a single plan might not be ready in time. President Obama also challenged Republicans to present a comprehensive reform package at the Summit. The President pledged to post the Democratic plan online before the 25<sup>th</sup> of this month. Members of the news media suggested that President Obama may also make his own health care reform proposal available.

***Republicans Demand Halt on Compromise Bill:*** Last Friday, House Republican leaders sent a letter to Senate Majority Leader Harry Reid (D-NV) and House Speaker Nancy Pelosi (D-CA) in reaction to the Administration's request that Congressional Democrats merge the House and Senate bills as a starting point for negotiations. In the letter, House Republican leaders asserted that merging the bills would amount to a "backroom deal among the White House and Democratic leaders" and would undermine negotiations at the bipartisan Summit. The Republicans continue to demand that Democrats scrap the current proposals and start over.

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**Senate Democrats Ask for Public Option:** Sixteen Democratic Senators, including Michael Bennet (D-CO), Sherrod Brown (D-OH), Jeff Merkley (D-OR) and Kirsten Gillibrand (D-NY) sent a letter on Tuesday to Senate Majority Leader Harry Reid asking him to bring the public option back up for a vote, while also making the case for using a process called reconciliation as a way to move the legislation forward. The Senators support this approach, citing the following reasons:

- Cost savings achieved by including the public option
- Continued public support for the public option (citing a December 2009 New York Times/CBS poll which showed that 59 percent of Americans supported the public option)
- Need for increased competition in the insurance market, and
- Senate history of using the reconciliation process for health care reform

Democratic leaders have thus far resisted using reconciliation to bypass a Republican filibuster because it would appear too partisan (given that it only requires a simple majority of 51 votes in the Senate).

#### **Additional Activities**

**Anthem Blue Cross Delays Rate Increase:** On Saturday, Anthem Blue Cross in California agreed to postpone its rate increase from March 1 until May 1, 2010. This decision was made at the request of the California Insurance Commissioner in order to engage a third-party actuary to review the filing. This extra time will allow outside experts to review the complex and detailed data around the medical costs the company expects to incur. In response to criticisms, Anthem Blue Cross' parent company, WellPoint, Inc., held a press conference Thursday morning to address concerns and answer questions.

As the focus on insurance costs intensifies, Health and Human Services Secretary Kathleen Sebelius also held a news conference Thursday to discuss a new government report on rising insurance premiums across the country. She cited examples from Washington State to Maine in which insurers have sought premium increases for those buying coverage individually. Speaking on behalf of the industry, Robert Zirkelbach, a spokesperson for America's Health Insurance Plans, said that "the focus needs to be on the underlying increase in health care costs."

**New Study - Excise Tax Will Fall Equally on Union and Non-union Members:** A new analysis regarding the controversial proposed tax on high-cost health insurance plans shows that the impact of the tax will fall equally on union and non-union plans. The tax is a central component to the bill passed by the Senate in late December. The analysis was completed by Ken Jacobs, of the University of California at Berkeley Labor Center, and William H. Dow, professor of health economics at Berkeley and a member of President George W. Bush's Council of Economic Advisers.

**State-By-State Approach Builds Steam:** With the national-level debate on health care reform stalled until the Summit, the argument to leave health care reform to the states has built momentum over the past week. Proponents of a state-by-state approach, including Missouri State Senator Charlie Shields (R), believe that a national health care reform effort would ignore local variations in health care markets and politics. To this end, lawmakers in states including Colorado, California and Virginia have recently taken steps to develop their own reform legislation. In contrast, supporters of the national approach counter that states would not be able to implement substantial reform (given that they are currently cash-strapped and not in a position to launch new initiatives).

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***Tauzin Steps Down from PhRMA Head:*** Late last week, former Republican Louisiana Congressman Billy Tauzin announced plans to step down as head of the pharmaceutical industry's trade association, PhRMA, at the end of June. Mr. Tauzin helped to negotiate the \$80 billion deal between drug makers and President Obama as part of the Administration's plan for health care reform. Members of the news media report that some of PhRMA's board members were concerned that more liberal House members will try to force the industry to commit to more deals. Some also felt that Mr. Tauzin conceded too much in the negotiating process, including spending up to \$100 million on pro-reform advertising.

## **Public Opinion**

***Polling Suggests Americans Want to Start Over:*** The most recent polling suggests that while Americans want Congress to keep moving on health care reform, a majority think lawmakers should not rush through legislation.

A new Zogby International/University of Texas Health Science Center poll finds that 57 percent of respondents agree with the statement that lawmakers should start from scratch. When presented with a choice of approach:

- Nearly 44 percent say Congress should start over.
- Just over 25 percent say Congress should pass some sort of legislation and fix it later.
- Only about 18 percent believe the House should pass the Senate bill alongside other legislation.

Another poll released by Franklin & Marshall College finds that while approximately 75 percent of Americans want health care reform, a majority of respondents (four out of five) are happy with their current health care. Only one in five says that the current system does not meet their personal needs. Further, the latest Quinnipiac University poll released last week shows that American voters still disapprove (54 - 35 percent) of President Obama's health care reform plan, but say (52 - 44 percent) they want Congress and the President to continue their efforts to reform the system.

In addition, a New York Times/CBS poll released this month shows that only 13 percent of Americans believe health care reform is the most important issue facing the nation. Rather, jobs and the economy topped their priority list. The study also finds that 56 percent prefer "smaller government, providing fewer services."

## **Looking Ahead**

Both House and Senate lawmakers will return to Washington next Monday as Republicans and Democrats hash out their strategy for Thursday's upcoming Health Care Summit.

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