

*Tuesday, October 13, 2009*

## This Week in Health Care Reform

The Senate Finance Committee voted 14-9 in favor of their Health Care Reform Bill today.

### *Senate Negotiations*

***CBO Provides Revised Cost Estimate:*** On Wednesday, the CBO estimated that the revised Senate Finance Committee bill would cost \$829 billion over the next 10 years, reducing the budget deficit by \$81 billion over the same time period. The CBO also projected that the health reform legislation would expand health care coverage to 94% of Americans by 2019. This estimate provides a significant political boost to the Finance Committee bill, as it is the only proposed health care reform legislation that meets President Barack Obama's guidelines, which include having a price tag of \$900 billion or less over 10 years, vastly expanding coverage and not adding to the budget deficit. However, the CBO's estimate did not include the impact of the legislation on premiums.

***Senate Finance Committee Finalizes Bill:*** Last Friday, the Senate Finance Committee wrapped up days of negotiations and finalized its bill to overhaul the U.S. health care system. In the last days of committee negotiations, lawmakers voted to:

- Reduce penalties on those who do not obtain insurance;
- Modify the proposed tax on high-cost insurance policies;
- Prevent health insurance companies from taking tax deductions for compensation in excess of \$500,000; and
- Create a government plan to offer a state option operated by private insurers.

***Joint Committee on Taxation Reports Increase in Industry Fees:*** On Tuesday, the Joint Committee on Taxation indicated that the revised bill coming out of the Senate Finance Committee would raise \$121 billion from fees on drug companies, health insurers and medical device manufacturers, up from the original \$92 billion previously reported. The increase in tax revenue stems from restrictions prohibiting companies from deducting the proposed industry fees from their corporate taxes. The new estimate has fueled increased Republican opposition to the reform legislation.

***Senators Call for 72-Hour Window for Public Review:*** On Tuesday, a group of six moderate Democratic senators and one independent senator sent a letter to Senate Majority Leader Harry Reid (D-NV). The letter called for a 72-hour period for public review of the upcoming combined Senate health care reform legislation, along with the complete budget score from the CBO, prior to a full Senate vote.

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### *House Activities*

**House Democrats Reject Taxing "Cadillac" Plans:** On Wednesday, 154 House Democrats signed a letter addressed to Speaker of the House Nancy Pelosi (D-CA) denouncing a plan to pay for health care reform by taxing high-end health insurance plans, known as "Cadillac" plans. The letter urged the Speaker to reject proposals with a tax on Cadillac plans because it could potentially place a heavy burden on the middle class.

This letter is in contrast with legislation moving through the Senate Finance Committee that includes a tax on insurers who offer these high-end plans. Speaker Pelosi has indicated she is considering adding a tax on health insurance to the House bill.

### *Public Opinion*

**Poll Shows Increased Public Support:** The latest Associated Press-GfK poll has found that public support for President Obama's health care reform initiative has increased, split evenly between those who support reform (40%) and those who do not (40%). In September, 34% of the public supported Congressional proposals and 49% opposed them.

### *Additional Activities*

**President Obama Pitches Health Care Reform to Doctors:** President Obama addressed approximately 150 doctors from across all 50 states on the White House lawn to win their support for health care reform. Many doctors oppose reform efforts, particularly due to potential cuts in Medicare and lack of protection from "abusive" malpractice lawsuits.

### *Looking Ahead*

Senator Reid and key Administration officials will work to merge the Senate Finance Committee bill with the other proposed legislation from the Senate Health, Education, Labor and Pensions Committee. He expects that the debate before the full Senate will begin right away. House Speaker Pelosi expects to have merged the three proposed bills coming out of the House and to begin full House voting later this month.

Should you have any questions regarding Health Care Reform, please contact your SML Account Team.

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