

*Tuesday, October 27, 2009*

## **This Week in Health Care Reform**

This week legislators from both the House and Senate continued to negotiate their respective final proposals for an overhaul of the health care system.

### **Industry Activities:**

***Study Shows Premiums Will Increase:*** This week, the insurance carriers released an analysis that sheds further light on the impact of the Senate Finance Committee's proposed health care reform legislation on premiums. The findings show increases in premiums due to new fees placed on drug manufacturers, medical device makers and the insurance industry, among others.

### **Senate and House Negotiations:**

***Public Option Continues to Shape Debate:*** White House officials appeared on NBC's "Meet the Press," ABC's "This Week," CNN's "State of the Union" and CBS's "Face the Nation" to set the parameters for this week's negotiations around health care reform, particularly a public option. Officials indicated that President Barack Obama continues to prefer a public option, but will not demand its inclusion in the final legislation.

Senate Majority Leader Harry Reid (D-NV) announced on Monday that the Senate bill would include a compromise that would create a nationwide public option but give states the right to opt out. The proposal was then sent to the Congressional Budget Office (CBO) for analysis. Others continue to push for the "trigger" public option that would establish local public options only if insurers did not provide affordable plans to consumers.

On the House side, Speaker of the House Nancy Pelosi (D-CA) continues to voice strong support for the public option, declaring in a news conference last week, "our House bill will have a public option." She has indicated that the opt-out alternative could be included in the House reconciled bill.

***Senate Finance Committee Courts AMA:*** Lawmakers on Wednesday voted to block a \$247 billion measure proposed by Sen. Debbie Stabenow (D-MI). The measure is aimed at eliminating scheduled Medicare reimbursement cuts for doctors and enacting a permanent, predictable system for future rate increases. Lawmakers criticized the bill for adding to the budget deficit. Sen. Reid brought the measure to the floor in an attempt to court American Medical Association (AMA) support for the Senate health care reform legislation. AMA President Dr. James Rohack countered that reform legislation must also address significant medical liability reform to gain AMA support.

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***CBO Provides Estimates For House Versions:*** House Speaker Pelosi announced Tuesday that recent CBO estimates showed that a health care overhaul by House Democrats would reduce the U.S. budget deficit over 10 years and cost less than \$900 billion, a goal outlined by President Obama. Speaker Pelosi had asked the CBO to provide cost estimates on three competing House versions for executing the public option - one based on reimbursement rates paid to health care providers under Medicare and two that would rely on reimbursement rates negotiated with the providers.

***Medicare Office of the Actuary Points to Cost Increase Under House Legislation:*** The Medicare Office of the Actuary released a report on Wednesday showing that total national health care spending would increase by an additional 2.1% from 2010-2019 under the bill drafted by House Democratic leaders. The increase would be due primarily to newly insured people seeking medical care. The report found that health care would account for 21.3% of the U.S. economy in 2019, slightly more than an estimated share of 20.8% of the economy if no bill passes.

### **Additional Activities**

***Insurance Industry Antitrust Exemption Under Scrutiny:*** Top Senate Democrats Harry Reid, Patrick Leahy (D-VT) and Chuck Schumer (D-NY) announced Wednesday that they are inclined to incorporate an amendment into the health care reform legislation to strip the health insurance industry of its exemption from federal antitrust laws. Also on Wednesday, the House Judiciary Committee voted 20-9 to end the industry exemption that dates back to 1945. If enacted, the measure would increase federal regulation over the insurance industry.

***White House Pushes to Influence Negotiations:*** As the final health care reform bills are taking shape in the House and the Senate, White House officials have stepped up their efforts to influence the negotiating process. On Tuesday, President Obama spoke from New York City by video to hundreds of small gatherings sponsored by Organizing for America, a spin-off of his 2008 presidential campaign. Top White House aides will attend strategy sessions for the Common Purpose Project, a coalition headed by President Obama's former campaign officials. In addition, Chief of Staff Emanuel and other aides are at the table when Sen. Reid and Speaker Pelosi meet with their respective committees to negotiate and draft legislation.

***Republicans and Democrats Back Medical Device Industry:*** Countering Democrats on the Senate Finance Committee who view medical device manufacturers as contributing to increasing health care costs, Democrats and Republicans from Minnesota, Indiana, New Jersey and other states have banded together to defend the industry in their home states. Last week, the Senate Finance Committee approved a \$40 billion fee on device makers over the next 10 years. In reaction, 14 Democratic senators sent a letter to Sen. Reid, urging them to "moderate" the fees which will "threaten the existence of some manufacturers" and result in "significant job reductions." Five Republican governors also objected to the fees.

### **Public Opinion**

***Polls Suggest Remaining Divide:*** A CNN/Opinion Research Corporation survey released Wednesday showed that 53% of Americans say it would be better for the country if Congress passed a reform bill, with 44% feeling that things would be better if the current health care system was left in place with no changes.

In addition, a USA Today/Gallup poll this week showed that Americans are increasingly worried about the cost and quality of medical care that could result from the health care reform. The poll showed 49% of Americans believe that costs will increase under the measure, up from 42% last month.

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**Looking Ahead**

Speaker Pelosi could release the House reconciled bill this week leading to the start of debate on the House floor. Once the CBO finishes its analysis of Sen. Reid's proposal debate will begin on the Senate floor.

Please contact your SML Account Team should you have additional questions.

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