

This Week in Health Reform: July 23

Under pressure from both Democrats and Republicans, President Obama seems to be softening his stance on the August recess deadline by [stating](#), “Let’s fight our way through the politics of the moment. Let’s pass reform by the end of this year.” In a [news conference](#) Wednesday President Obama worked to reassure an [increasingly wary public](#) that health reform will not jeopardize the care most citizens currently receive and urged support for reform efforts.

Public Plan:

2 of 3 House Committees Pass Bill: Last week, [two of the three](#) House committees completed markup: The House Education and Labor Committee voted 26-22 and the House Ways and Means Committee voted 23-18 to send the measure to the floor. However, the markup has stalled in the Energy and Commerce Committee where conservative Blue Dogs Dog democrats are insisting on more [cost savings](#) in the legislation. [President Obama](#) met with the Blue Dogs on Tuesday to negotiate for their support on the House bill.

Alternative Plans:

Senate Finance Committee Negotiations Continue: The Senate Finance Committee continues to work on developing bipartisan legislation that can withstand scrutiny, through closed door meetings aimed at resolving potential controversies. Sen. Charles E. Grassley (R-IA) [commented](#), “The Finance Committee is the only place left where a bipartisan bill that also gets on top of the spiraling health care costs can be achieved...” [Sen. Orrin Hatch \(R-UT\)](#), however, withdrew from the bipartisan Senate group, citing concerns about high costs of the bill and the push towards a single-payer system.

Financing the Plan:

Kerry Proposes Tax on Insurers: White House officials indicated their openness to proposals like that of Sen. John Kerry’s (D-MA) proposal to [tax insurers](#). The Senator proposed an excise tax on employers and plan that provide very generous health policies, also known as “cadillac plans.” [Sen. Kerry](#) believes the tax would pressure insurance companies to reduce the cost of health plans, lower premiums, and reduce the overall cost of health care.

White House Proposes Independent Panel: The White House officials gained support from Blue Dogs for their plan to create an [independent body](#) to oversee Medicare reimbursement rates. The Blue Dogs indicated that they had won [agreement](#) from House Energy and Commerce Committee Chairman Rep. Waxman (D-CA) on this measure.

Pelosi Indicates Flexibility on Tax: The House Democrats’ proposal to create a new tax on the wealthiest of Americans continues to draw criticism among Republicans and some Democrats. In responding to the concern, [House Speaker Nancy Pelosi](#) indicated that she was open to reducing the proposed tax increase on wealthy Americans by finding additional savings in the current system. Reporters indicate that her admission that the surtax could create excess revenue may

complicate Democratic negotiations. Pelosi left the door open to using tax money to pay down the deficit.

White House Supports Millionaire's Tax: In a news conference Wednesday, [President Obama](#) gave his support to the House Committees' plan to impose a surtax on families making over \$1 million a year. The President, however, reiterated that he will not support any bill that funds reform through a tax on middle-class families.

CBO Injects Financing Concerns: Last week the [Congressional Budget Office \(CBO\)](#) reported that the House bill would increase the federal deficit by \$239 billion over the next 10 years. CBO Director Douglas Elmendorf stated that both the bills crafted by House leaders and the Senate health committee will not rein in skyrocketing costs, but rather add to them.

Additional Activities:

Inconsistencies: Wednesday's prime time news conference revealed some [inconsistencies](#) between President Obama's claims and how legislation is taking shape:

- *Government will not be involved in health care decisions:* Obama laid out principles of reform that show government making key decisions in health care.
- *People will not lose their health care plans:* Debate exists as to whether private insurers would be able to stay in business if a public option was introduced. Such a new market force may influence consumer choice.
- *Health care reform will be budget neutral:* While Obama indicates he will not support legislation that adds costs; budget experts warn that current proposed legislation uses accounting gimmicks to mask the true costs.

Senate Asks for More Time: In a [letter](#) sent on Friday of last week, six bipartisan Senators requested more time for the Senate to pass legislation citing comments from CBO Director Doug Elmendorf that the House and Senate health committee bills would not significantly reduce costs.

House Democrats Show Concern: Rep. Jared Polis (D-CO) and 20 other freshman Democrats sent a [letter](#) to House Speaker Nancy Pelosi (D-CA) voicing extreme concern over the proposed House way of paying for health reform, citing negative impact on small business.

Opposition Rises from State Medical Societies: In stark contrast to the American Medical Association's (AMA) support of the House bill announced last week, six state medical societies, including doctors in Alabama, Delaware, Georgia, Kansas, New Jersey and South Carolina, and two former AMA presidents sent a [letter](#) to Rep. Waxman opposing a government-run health plan and insurance mandates for individuals and employers.

Looking Ahead:

It is unclear when the House Energy and Commerce Committee will resume its [markup](#), which has been delayed due to negotiations with the Blue Dog Coalition. The Committee [canceled](#) its health care markup session again Thursday, dimming hopes of completing its work before the

August recess.

Senate Finance Chairman Max Baucus (D-MT) would [not commit](#) to a completed proposal this week. Senate Democrat leaders announced Thursday that a vote on health reform legislation before August recess will not be possible. Senate Majority Leader Harry Reid (D-NV) [said](#), "It's better to have a product based on quality and thoughtfulness rather than try to jam something through."