

This Week in Health Reform: October 22, 2009

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:

WellPoint Shows Premiums Will Increase: WellPoint this week released 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 industries such as drug manufacturers, medical device makers, and the insurance industry.

AHIP Provides More Context to Premiums Study: [Karen Ignagni](#), President and Chief Executive of American's Health Insurance Plans (AHIP) provided greater context to the recent report from Pricewaterhouse Coopers that showed the Senate Finance Committee bill to have the unintended consequence of increasing the cost of health care coverage. Ignagni stated in an op-ed in Tuesday's *Washington Post*, "[AHIP] continues to strongly support reform. In fact, last year we proposed new insurance market rules and consumer protections to achieve universal coverage, remove restrictions on preexisting conditions and end the practice of basing premiums on health status or gender. We firmly believe that all the cost concerns the report raised can be resolved."

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" this past weekend to set the parameters for this week's round of negotiations around health care reform, particularly regarding a [public option](#). The officials, including Chief of Staff Rahm Emanuel, and Senior White House Advisors Valerie Jarrett and David Axelrod indicated that President Obama continues to prefer a public option, but will not demand its inclusion in the final legislation.

Senate Majority Leader Harry Reid (D-NV) continues to face [mounting pressure](#) from liberal lawmakers to revive a proposed government-run option. As Sen. Reid (D-NV) works to craft the legislation, reports indicate he is 'more likely' to include a version of the public option that requires the government to [negotiate rates with providers](#), as private insurers do, and not just peg them to Medicare reimbursement rates as a way of creating fair competition in the marketplace.

On the House side, Speaker of the House Nancy Pelosi (D-CA) continues to voice [strong support](#) of the public option, declaring in a news conference last week, "our House bill will have a public option."

Senate Finance Committee Courts AMA: [Lawmakers](#) on Wednesday [voted](#) to block a \$247 billion [measure](#) proposed by Senator Debbie Stabenow (D-MI) 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. Senate

Majority Leader Harry Reid (D-NV) brought the measure to the floor in an attempt to court the [American Medical Association's \(AMA\)](#) support for the Senate health care reform legislation. AMA's President, Dr. James Rohack, countered the attempted appeasement, indicating that reform legislation must also address significant medical liability reform to win AMA support.

CBO Provides Estimates For House Versions: Speaker of the House Nancy Pelosi (D-CA) announced Tuesday that recent [Congressional Budget Office \(CBO\)](#) 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. Sen. Pelosi (D-CA) had asked the CBO to provide cost estimates for [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 that shows that total national health care spending would increase by an additional 2.1 percent from 2010 – 2019 under the bill drafted by House Democratic leaders. The report found that health care would account for 21.3 percent of the U.S. economy in 2019, slightly more than an estimated share of 20.8 percent of the economy if no bill passes.

Additional Activities:

Insurance Industry Antitrust Exemption Under Scrutiny: Top Senate Democrats, Sens. Reid (D-NV), Leahy (D-VT), and 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. And, President Obama's Chief of Staff Rahm Emanuel and other aides will be at the table when Senate Majority Leader, Harry Reid (D-NV) and Speaker of the House Nancy Pelosi (D-CA) 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 manufactures as a reason for increasing health care costs, [Democrats and Republicans](#) from Minnesota, Indiana, New Jersey, and other states have come together to defend the industry in their home states. The Senate Finance Committee approved last week a \$40 billion fee on device makers over the next 10 years. In reaction, 14 Democratic senators sent a letter to Senate Majority Leader Harry Reid (D-NV) urging them to “moderate” the fees which will “threaten the existence of some manufacturers”

and result in “significant job reductions.” Five Republican governors also expressed objections to the fees.

Public Opinion:

Polls Suggest Remaining Divide: [A CNN/Opinion Research Corporation Survey poll](#) released Wednesday showed that 53 percent of Americans say it would be better for the country if Congress passed a reform bill, with 44 percent 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. 49 percent of Americans believe that costs will increase under the measure, up from 42 percent last month.

Looking Ahead:

Senate Majority Leader Harry Reid (D-NV) may introduce a combined Senate bill for health care reform as soon as Friday of this week. If this happens, Senate floor debates are expected next week.