

This Week in Health Reform: October 15, 2009

This week Senate Finance Committee members voted on their health care reform legislation.

Senate Negotiations:

Senate Finance Committee Passes Bill: After months of negotiations, on Tuesday the Senate Finance Committee passed its \$829 billion health care reform package with a 14-9 vote, including the support of one Republican, [Sen. Olympia Snowe](#) of Maine. The [proposal](#) would expand coverage to 29 million uninsured Americans while reducing deficits by \$81 billion over 10 years. [The bill](#) includes insurance market reforms, a very weak individual mandate to purchase coverage, an expansion of [Medicaid](#), a cut in future Medicare spending, new fees and taxes on employers, and billions in new fees on health insurance and other sectors of the health care industry. The bill also includes seed funding for state cooperative plans and subsidies for other state coverage programs.

[Shortly after the vote](#) both labor unions and large business organizations mobilized in opposition to the Finance Committee bill, underscoring the difficult road ahead for Senate Majority Leader Harry Reid (D-NV), who will next work to merge the Finance Committee bill with the Senate Health, Education, Labor and Pensions (HELP) bill passed last summer. [Unions](#), along with some lawmakers, including Sens. Schumer (D-NY) and Rockefeller (D-WV) criticized the legislation for not including a [public option](#). At the same time, [insurance companies](#), [medical device makers](#) and others in the health care industry are [voicing strong concerns](#) about the increased premium cost burdens that would come to bear with the proposed legislation.

House Activities:

House Leaders Look to Trim Bill Costs: [House leaders](#) indicated that negotiators have trimmed the health care reform bill to President Obama's goal of \$900 billion, down from \$1.2 trillion. Aides said the final bill will include slightly less generous subsidies for co-payments and deductibles for people who buy insurance through the new exchanges that the legislation would establish for those without access to affordable employer coverage. They also removed a provision preventing doctors who take Medicare patients from seeing pay cuts and upheld a surcharge tax on individuals making over \$500 thousand and for families with incomes of \$1 million or more. House members will consider shifting more low-income families out of exchanges and into Medicaid and adopting a few of the tax increases currently part of the Senate Finance Committee bill including a profit tax on health insurers. They have, however, rejected the tax on ['Cadillac' plans](#).

Additional Activities:

AHIP Releases Study Indicating Higher Costs: The insurance industry trade association, America's Health Insurance Plans, released a study on Sunday that indicated that the proposed Senate Finance Committee legislation would raise the price of a typical policy. The [study](#), completed by PricewaterhouseCoopers, projected that family premiums could be \$4,000 higher and individual premiums could be \$1,500 higher in 2019. [The report](#) details that, among other

measures, a weak individual mandate coupled with measures preventing insurers from barring people with pre-existing conditions, taxes on high-cost health care plans and new taxes on some health care industry sectors will rapidly raise costs.

In addition, a [study](#) released on Wednesday by Oliver Wyman Inc. and sponsored by Blue Cross Blue Shield Association (BCBSA) indicated that under the current proposed legislation, premiums will rise up to 50 percent for individual policies and 19 percent for small group plans in five years due to the lack of a strong individual mandate.

Looking Ahead:

Following the Senate Finance Committee vote, health care reform legislation negotiations moved into [closed door sessions](#) where Senate Majority Leader Harry Reid (D-NV) will work to merge the Senate Finance and the HELP Committee bills. Sen. Reid (D-NV) has indicated that the full Senate will begin debate on the merged legislation the week of October 26.

House leaders have delayed a vote until the first week in November.