

This Week in Health Reform: October 29, 2009

This week lawmakers fine-tuned their reform proposals and, once again, the public option became the central point of the health care reform debate.

Senate and House Negotiations:

Reid Announces Senate Bill Includes Public Option: On Monday, Senate Majority Leader Harry Reid (D-NV) [announced](#) that the health care reform package emerging from the Senate will include a [public option](#) that allows for states to choose to opt-out. While liberal Democrats cheered the inclusion of the government-run plan, [some moderates](#), including Sens. Lieberman (I-CT), [Lincoln \(D-AK\)](#), Bayh (D-IN) and Landrieu (D-LA), all [voiced concerns](#). In fact, on Tuesday, [Sen. Lieberman](#) (I-CT) said that he would vote to block the passage of the Senate health care reform bill in its current form. In addition, Sen. Snowe (R-ME), the only Republican to vote for any health care reform legislation, stated that she is “deeply disappointed” with the inclusion of the public option. This backlash comes as a blow to Sen. Reid and [calls into question](#) whether he has the [60 votes needed](#) to pass a Senate health care bill with a government-run health insurance option. Sen. Reid has delivered a variety of proposals to the Congressional Budget Office (CBO) for cost estimates as he works to finalize the legislation.

Pelosi Unveils Health Reform Bill: House Speaker Nancy Pelosi (D-CA) [unveiled](#) the House’s 1990 page health care reform legislation this [Thursday](#) following weeks of negotiations to merge three bills passed by the House committees this past summer. The merged legislation includes a version of the public option favored by moderate Democrats that uses reimbursement rates negotiated with private insurers rather than the more ‘robust’ option favored by liberal Democrats that pegs rates to Medicare. [The bill](#) also includes:

- individual and employer mandates to purchase coverage, with certain exemptions;
- subsidies to help lower income individuals purchase insurance;
- an expansion of Medicaid eligibility to those with incomes up to 150 percent of the poverty level;
- a tax on the wealthy – 5.4 percent surtax on individuals making more than \$500,000 and couples earning more than \$1 million;
- significant insurance market reforms; and
- \$20 billion in fees over 10 years on medical device manufacturers.

[The bill](#) does not include the controversial tax on high-end insurance plans, known as the ‘Cadillac Tax.’ And, House Democrats indicated that party leaders have yet to resolve long-standing disagreements among Democrats regarding abortion and illegal immigrants. The bill is estimated to cost just under \$900 billion over the next 10 years. However, the legislation does not address Medicare physician payments and instead moves this portion of the proposal to a separate bill, which is not offset and would increase the deficit by more than \$200 billion over 10 years.

Senate and House Lower Medical Device Industry Fees: Lawmakers from both the Senate and the House are proposing lower fees on the [medical device industry](#) than those originally passed in the Senate Finance Committee, amounting to \$40 billion over 10 years. Senate Major Leader

Harry Reid is expected to include a fee between \$15 and \$20 billion over 10 years in the emerging Senate legislation. In the House version, the tax will be imposed at the point of sale, therefore spreading its impact across manufacturers, wholesalers and distributors, and would yield \$20 billion between 2013 and 2019.

Additional Activities:

U.S. Business Against Public Option: On Wednesday, [The Business Roundtable](#), comprised of chief executives at Verizon Communications, JPMorgan, General Electric, Wal-Mart and other companies, said the federal government is inefficient and would underpay providers, and that a government-run insurance plan would only be a step backward, driving up costs for employers and their workers.

Public Opinion:

Public Opinion Remains Steady, but Polls Show High Expectations for Quick Change: The October [Kaiser Family Foundation](#) poll found that 55 percent of Americans believe that it is more important than ever to take on health care reform now, while 41 percent say the country cannot afford it – figures that are unchanged from September. Other findings include:

- the public's support for taxing the wealthy to pay for reform decreased in October, while support for taxing insurance companies increased;
- Americans still worry about the potential impact of the reforms on measures such as wait times, cost and choice of providers; and
- most [Americans believe](#) that health care reform will deliver changes more quickly than is possible. About half of Americans believe that if Democrats pass health care reform legislation, help for the uninsured and consumer protections in the insurance market will begin within a year. However, most of the reform provisions will take years to kick in.

Looking Ahead:

Senate Majority Leader Harry Reid waits for CBO estimates before finalizing the Senate bill and bringing it to the Senate floor. The House bill will be submitted to the full House for debate as early as next week.