

Alabama Appleseed Healthcare Reform Update ***June 26, 2009***

This week has been somewhat subdued in terms of headline news on healthcare reform. Three House committees jointly released a draft bill last Friday (June 19), and the bill has been discussed in hearings throughout the week. President Obama has become more vocal in his support of certain key issues of health reform. The Senate Committee on Health, Education, Labor, and Pensions (HELP) spent the week marking-up Senator Ted Kennedy's (D-MA) Affordable Health Choices Act. Chairman Max Baucus (D-MT) and the Senate Finance Committee worked on cutting down the cost of their health reform bill. The Finance Committee's goal, as of the beginning of last week, has been to create a bipartisan bill that costs 1 trillion dollars or less.

President Obama Takes Clearer Stand on Key Issues

Up to this point in the healthcare reform discussion, President Obama and his Administration have remained cautious about publicly stating the President's opinion on certain "deal-breaker" issues such as a public option and taxing employer provided benefits. The administration has so far left the crafting of legislation in the hands of Congress, but a series of tough choices await the President in identifying those elements of a healthcare reform bill that he views as essential. Recently, when speaking to a large group of physicians at an American Medical Association (AMA) meeting, Obama publicly clarified his stance on creating a public insurance option. He said, "Every plan will offer an affordable option. I believe one of those options needs to be a public option that will inject competition into the health care market so we can force waste out of the system and keep insurance companies honest." However, Obama stopped short of saying whether or not he would veto any bill that did not include a public option. Some Republicans fired back saying a public option, with many competitive advantages, would eventually take over the health insurance industry and cause many private insurers to go out of business. At a White House press conference on Tuesday (June 23), Obama said: "Why would it drive private insurance out of business? If private insurers say that the marketplace provides the best quality health care; if they tell us that they're offering a good deal, then why is it that the government, which they say can't run anything, suddenly is going to drive them out of business? That's not logical."

www.cnsnews.com/public/content/article.aspx?RsrcID=49983

On Wednesday (June 24), President Obama hosted a town hall meeting at the White House to discuss health reform and to answer questions from his audience. The meeting, aired on ABC, gave Obama the opportunity to address the issue of taxing employer provided benefits. Obama rejected the idea of fully taxing Americans' employer-provided health insurance benefits but suggested he might be persuaded to tax so-called "Cadillac coverage," or high-cost coverage, in the interest of a compromise with Congress. Generally, it seems President Obama is becoming more vocal about his stance and has begun to engage the American people for support of such issues.

House Tri-Committee Health Reform Bill

A “discussion draft” health reform bill was released last Friday (June 19) in the House. The proposal is the result of the combined efforts of three House committee chairs -- George Miller (D-CA) on the Committee on Education and Labor, Henry Waxman (D-CA) on the Energy and Commerce Committee, and Charles B. Rangel (D-NY) of the Ways and Means Committee. The 850 page bill is known as the House Tri-Committee Discussion Draft on Health Reform. Some key aspects of the proposal are:

- Require all individuals to have health insurance, and require all employers to offer comprehensive coverage.
- Make sliding-scale subsidized coverage available to low- and moderate-income people earning up to 400 percent of the Federal Poverty Level (FPL), and provide assistance for small businesses that offer coverage to their employees.
- Expand Medicaid to cover people up to 133 percent of the FPL.
- Establish comprehensive private insurance reforms.
- Create a national Health Insurance Exchange that would offer a public option.
- Build programs to improve the quality and value of health care, including a number of provisions focused on expanding primary care and reducing racial and ethnic disparities in care.
- Improve the Medicare program, including eliminating the Part D drug benefits “donut hole.”
- Require insurers to offer coverage to everyone and to renew all policies.
- Prohibit exclusions for pre-existing conditions.

“Sticker-Shock”

One of the more contentious issues being debated is the cost of comprehensive healthcare reform. Last week, the Congressional Budget Office released the results of the estimated cost of health reform. The estimates (not considering the federal spending cuts and cost containment measures that would be put in place) were from 1 trillion dollars to 1.6 trillion dollars. This sent many congressional leaders back to the drawing boards to consider ways to trim the bills down to under a trillion dollars. Earlier this week, Drew Altman, President and CEO of the Henry J. Kaiser Family Foundation, responded to the reaction of congressional leaders to the CBO estimates and why a high cost reform bill shouldn't come as a surprise to lawmakers. Altman stated:

Last week we learned that health reform could cost the federal government at least a trillion dollars over ten years, and that it will be really difficult to forge bipartisan agreement on legislation and keep major interest groups on board. This obviously brought more angst to the deliberations, several Republicans seized the moment to criticize the Democrats' plans, and the press was all over it, with many commentators declaring health reform in dire straits. But experts have long known that this is roughly what the government price tag for universal coverage with comprehensive benefits would be, and everyone knows that bipartisan support will be very hard to achieve. But the number itself could use some perspective.

Expressed as a ten-year cost, one trillion dollars is a big, perhaps scary number. But we are also talking about reforming one sixth of our economy, and over the next ten years it would represent about half of one percent of projected GDP, under three percent of projected health spending, and about two and one-half percent of total federal spending. That is still a lot, and some may legitimately value other national priorities more highly, including deficit reduction, but in return we would reform health care, cover the bulk of the uninsured (projected by CBO to reach 54 million by 2019 and by others to go higher), and give Americans peace of mind about their health insurance.

www.kff.org/pullingittogether/062509_altman.cfm

Altman then concluded by saying, “What happened last week is that the health reform debate entered its next phase. The numbers are big because health care is big. The "shocker" would have been if it had been otherwise. Now the heavy lifting and the real compromising begin.” www.kff.org/pullingittogether/062509_altman.cfm

Senate Finance Committee Trims Healthcare Reform Bill

Finally, it was revealed today (June 26) that the Senate Finance Committee is nearing its goal of trimming the Committee’s health reform bill to a price-tag of just under 1 trillion dollars. It is reported that much of the cuts have come through limiting the eligibility of individuals to receive subsidies to help purchase insurance. The Finance Committee initially proposed subsidies for people with incomes up to 400 percent of the Federal Poverty Level (FPL). Committee members have lowered the ceiling for subsidies to people with incomes up to 300 percent FPL. Many experts and healthcare reform advocates are worried that this measure will create a framework where coverage remains unaffordable for many low to moderate income individuals and families.