

Alabama Appleseed Health Reform Update
October 2, 2009

Finish Line in Sight for Finance Committee

Once again, the Senate Finance Committee has dominated the health reform news for the week. As of about 2 a.m. this morning, the committee's work on its healthcare reform bill appears to be done. The committee waded through over a hundred proposed amendments this week and made some significant changes en route to finishing-up in the wee hours of this morning. The vote to pass the bill out of committee, however, is not expected until next week after the Congressional Budget Office has had a chance to provide a revised estimate on the bill's final cost.

No Public Option - For Now, Limits on Executive Pay & Affordability Help

As predicted in last week's update, the Finance Committee had its showdown over the "public option" on Tuesday of this week. As most reform watchers expected, neither of the two public option proposals before the committee received enough votes to pass, with Sen. Rockefeller's (D-W.Va.) version failing 15-8 and Senator Schumer's (D-N.Y.) measure failing 13-10. Many feel that the public option debate is far from over, however. Each of the four other congressional committees working on health reform previously passed bills out of committee containing a version of the public option, and the topic will likely re-surface when the Senate Finance bill reaches the floor of the Senate, probably in mid-October.

In response to suggestions that healthcare reform will create large windfalls for insurance companies and their highly compensated executives, on Thursday the Finance Committee adopted a provision that could limit the salaries these executives receive. The provision limits the portion of an insurance executive's pay that an affected insurance company can deduct on its taxes to \$500,000. Currently, companies can deduct up to \$1 million in salary. While the provision does not prohibit higher salaries outright, its effect would be to make such salaries more costly to the companies' bottom lines.

The committee also adopted measures related to individual affordability. One amendment from Sen. Schumer moved the "hardship threshold" down from 10% to 8% of income. In other words, under the new standard, individuals and families who cannot locate health insurance costing less than 8% of their income would be exempt from any penalties for failure to obtain health insurance. The Schumer measure also reduces the penalties charged to

others who do not purchase coverage to \$750 for individuals and \$1500 for families. Additionally, these penalties would be phased-in over several years, not reaching the \$750/\$1500 mark until 2017. Another affordability-related amendment adopted by the Finance Committee was proposed by Sen. Cantwell (D-WA). The provision creates an additional option for those individuals and families whose incomes fall between 133% and 200% of the Federal Poverty Level, which is just above the amount that would qualify them for Medicaid. Under this provision, federal subsidies flow directly to states, and the states use this money to negotiate with private insurance companies to cover its citizens in the 133%-200% of FPL income bracket. Further debate and potential amendments on affordability are expected when health reform reaches the Senate floor.

What You Can Do to Help Promote Healthcare Reform

As Congress continues to work on the critical issue of healthcare reform, Representatives and Senators are interested in hearing from their constituents. Even if you do not go into detail on the issues involved, it is still important to let your Congressmen know that you support healthcare reform. To find how you can contact your Congressmen, you may visit: <http://www.congressmerge.com/>.