

Alabama Appleseed Health Reform Update
October 9, 2009

Optimism Growing on Health Reform

Generally speaking, optimism appears to be growing that Congress will pass a comprehensive healthcare reform bill either late this year or in early 2010. That being said, a number of steps remain, including: a final vote by the Senate Finance Committee on its reform bill (now expected early next week), a melding in each chamber of the bills produced by the three House and two Senate committees, floor debate and votes in each chamber, another melding this time of the final House and Senate bills by a conference committee made up of members of both chambers, a return of that hybrid bill to both the House and Senate floors for final passage, and then presentment for signature to the President. Given that each step in the process so far has taken a bit longer than expected, particularly in the Senate, perhaps hoping for a final bill before Christmas is overly optimistic? In any case, thoughtful discussion continues on a number of issues.

Senate Finance Bill Scored, "Public Option" Discussion & Weakened Individual Mandate Issues

Earlier this week, the Congressional Budget Office returned a preliminary cost estimate of the Senate Finance Committee's amended health reform bill of \$829 billion. The fact that the committee's bill remained below the \$900 billion "ceiling" after last week's barrage of amendments was viewed by many as a positive sign that a comprehensive reform bill can indeed pass in the Senate. While the news was generally greeted favorably by those supporting comprehensive reform, advocates continued to caution that more work needs to be done on individual affordability. Said Ron Pollack, Executive Director of Families USA, a DC-based health advocacy organization:

Although America's families may not be able to decipher the real difference between a bill that costs \$829 billion or \$929 billion or more than a trillion over ten years, they certainly will feel the difference if they receive subsidy relief that reduces their premium and other out-of-pocket burden by \$500 or \$1,000. Indeed, this "pocketbook effect" will be the key test for America's families as they appraise the health reform legislation.

In spite of last week's votes by the Senate Finance Committee rejecting a "public option" for the group's bill, the measure continued to receive much discussion this week in Washington. At the moment, momentum seems to be gathering among Senators for an "opt-out" proposal. Under this scenario, the Senate bill would include a public option, and having the option available for the citizens of each state would be the default position. However, each state would have the ability to decline or "opt-out" of having the option. Support for this approach appears to be strengthening, and such a provision may well appear in a final Senate bill instead of an "opt-in" provision where each state would have to affirmatively choose to offer a public option or a "trigger" provision where the public option would be available only if certain affordability benchmarks were not achieved by private insurers in a given market. This issue is far from settled, however, and will likely continue to garner much discussion in the next few weeks.

Another issue beginning to emerge is potential backlash from the insurance industry over weakened "individual mandate" requirements. As discussed in last week's update, the Senate Finance Committee lowered the "hardship threshold" from 10% to 8% of income, meaning that those who cannot locate health coverage for less than 8% of their income are allowed out from under the mandate to purchase coverage – meaning, of course, that they go uninsured. In today's Washington Post, industry lobbyists and independent analysts were quoted as cautioning that the committee's bill "probably would draw the sickest, most expensive patients into the health coverage system without balancing the insurance risk with more young, healthy, people." Also today on NPR, Alyssa Fox, a senior vice president with the Blue Cross and Blue Shield Association, added: "You need everybody in the insurance pool to make sure that premiums are affordable. And lowering the penalty will mean that people will find it more advantageous to pay a very small penalty than to buy insurance." Again, much more discussion is likely on this issue along with its obvious relationship to providing stronger subsidies to help people purchase coverage.

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/>.