

Alabama Appleseed Health Reform Update November 13, 2009

Combined House Bill Passes – All Eyes Shift to Senate

As has been widely reported, the combined House health reform bill (H.R. 3962) passed the House by a narrow margin late Saturday evening. The final vote on the measure was 220 for and 215 against, and none of Alabama's seven U.S. Representatives voted in favor of the bill. Now, all eyes are on the Senate, particularly on Senate Majority Leader Harry Reid – the man tasked with bringing a combined Senate health reform bill to the floor. To date, much of his work in combining the two Senate committee bills – one from Senate Finance and one from Senate HELP – is occurring outside of the spotlight. According to today's *New York Times*, Reid has indicated that floor debate could start in the Senate on a combined bill "as soon as next week." However, as the article goes on report "members of his own party do not yet know the details of the bill he has assembled." (Pear, NYT Online 11/13).

One issue apparently under consideration is a possible Medicare payroll tax increase for those earning over \$250,000 a year. Workers currently pay 1.45% of income on this tax, and Reid is considering raising the amount to 1.95% for those earning over the \$250K/yr mark. As reported in previous updates, individual affordability – the ability of people to afford monthly premiums, co-pays and deductibles – seems to be driving this effort. Much of the concern over this issue focuses on individuals and families earning between 150% and 400% of the Federal Poverty Level (about \$33,000/yr and \$88,000/yr for a family of four). Those living in this income range could receive affordability credits or subsidies to help them purchase coverage. The proposal to increase the Medicare payroll tax on high earners would likely raise "\$40 to \$50 billion over 10 years." This measure could bring a combined Senate bill closer to the amount budgeted by the House for affordability credits. The combined House bill allocates \$602 billion for subsidies while the latest Senate bill allows only \$461 billion.

Reid and others working on the combined Senate bill are also mindful of the total number people who would receive coverage under their final proposal. The Congressional Budget Office estimates that H.R. 3962, the combined House bill that just passed, would cover approximately 96% of the population while the Senate Finance bill, which most believe provides the framework for a final Senate bill, would cover an estimated 94%. These estimates still leave 18 million and 25 million people, respectively, without coverage. Increasing the amount available to use for affordability credits, such as the \$40 to 50 billion discussed above, would improve the Senate offering. Although reports indicate that Reid has not reached a final decision on whether to include the provision, the coming week should prove to be interesting as Reid is likely release the combined Senate bill.

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/>.