

## NEWSSTAND

### Healthcare Update - Last Week in D.C.: The Healthcare Reform Debate

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It was a roller coaster week for healthcare reform that included Democratic frustration, a breakdown of the committee markup process, strong Republican opposition, and a prime time effort by President Obama to get his number one domestic policy priority back on track. Predictions and speculation on whether the Senate and House will be able to pass legislation before breaking for the month-long August recess changed daily (and often hourly), but by the end of the week, it became clear that the Senate will wait until September for a vote and that an agreement among House Democrats remains elusive.

#### **SENATE PUNTS VOTE TO SEPTEMBER:**

Senate Finance Committee Chairman, Max Baucus (D-MT), continued his marathon, closed-door meetings with a core group of six bipartisan negotiators throughout the week, in an effort to produce an agreement that will cost less than \$1 trillion over 10 years and will be paid for through tax increases and Medicare/Medicaid spending cuts that will garner bipartisan support. Though details have yet to be released, the latest revenue raiser that was reportedly considered this week would tax insurance companies based on the premiums they charge.

Additionally, the Finance Committee is reportedly considering an alternative to the government-run public health insurance plan contained in the legislation passed by the Senate Health, Education, Labor and Pensions (HELP) Committee earlier this month. By creating an independent, non-profit "co-op" insurance plan instead of one run by the government, Chairman Baucus is hoping to attract some Republican support for his bill. It must be noted, however, that the co-op idea is strongly opposed by many Senate Democrats, and whether they would ultimately cede ground on their championed government-run plan remains to be seen, and illustrates the difficult needle the Senate must thread in order to pass a bill.

By Thursday afternoon, Senate Majority Leader Harry Reid (D-NV) formally accepted the fact that a floor vote will not be possible within the next two weeks, and he announced that the full Senate will not vote on healthcare reform legislation until September. He stressed the complexity of the issue, and noted that it will be better to have a quality product, rather than rushing something through the legislative process.

Should Chairman Baucus succeed in producing a bipartisan agreement in the coming days, it is expected that the Finance Committee will hold a markup the week of August 3 – its last week in session before the month-long recess. Should this occur, much of August could be spent melding the Finance proposal with the HELP proposal, in order to prepare one combined bill for Senate floor action in September.

#### **HOUSE PROGRESS STALLS:**

The House Ways and Means Committee and the House Education and Labor Committee approved comprehensive healthcare overhaul legislation on July 17. This bill – H.R. 3200 – expands health insurance coverage by setting up a public, government-run health insurance plan, contains individual and employer mandates to obtain and provide coverage, includes

generous subsidies to help individuals and families pay for health insurance, increases Medicaid eligibility, and is expected to cost well over \$1 trillion over 10 years.

To defray the more than \$1 trillion price tag, H.R. 3200 spells out both tax increases and Medicare spending cuts. As currently written, the House plan expects to produce more than \$500 billion in revenue by placing a new surtax on higher earning Americans. A 5.4% surtax would be levied on couples earning over \$1 million (and individuals earning over \$800,000), and the surtax would gradually decrease, down to a 1% surtax on couples earning over \$350,000 (and individuals earning over \$280,000). The remainder of necessary funding would come from additional tax provisions and a trim of approximately \$500 billion from Medicare and Medicaid.

The third committee with jurisdiction over the 1,018 page bill – the House Energy and Commerce Committee – began its markup the week of July 13, but ran into a severe roadblock on July 21 when its moderate Democrat members voiced their refusal to support the legislation in its current form. These moderates are members of the House Blue Dog Coalition, and their large presence on the Energy and Commerce Committee has given them the ability to insist on significant changes to H.R. 3200.

Throughout the week, the Blue Dogs met with President Obama, senior Administration officials, Energy and Commerce Chairman Henry Waxman (D-CA) and members of House Leadership, in an effort to break the logjam and get a bill to the House floor for a vote. Their list of 10 demands include changes that would provide greater cost savings to the healthcare system, fewer small business mandates, a weakened government-run plan and better payment rates for rural providers.

To date, a formal deal has not been struck with the Blue Dogs and intra-party bickering continues, though some progress has been cited and negotiations are set to continue this week. Absent an agreement, it appears very unlikely that the Energy and Commerce Committee will be able to reconvene and complete its markup in time to get the legislation to the House floor before the start of the August recess, which is currently scheduled to begin in the House on August 31.

However, it must be noted that House Leadership continues to stress the importance of a pre-recess floor vote, and that Speaker Pelosi has the power to pull H.R. 3200 from the Energy and Commerce Committee and bring it directly to the House floor. To accomplish this, the legislation would go through the House Rules Committee, where significant changes could be made in order to ensure the measure has the 218 votes necessary to pass on the House floor.

Whether or not Speaker Pelosi will choose this path remains to be seen, but, in short, anything is possible.

#### **OBAMA'S PRIME TIME PUSH:**

Visibly frustrated by the breakdown of committee progress in the House, the lack of action in the Senate and increasing public skepticism, President Obama took to the prime time airwaves on Wednesday evening, in an effort to sell his healthcare reform plan to the American people. Sensing the slim chance of pre-August congressional action, the President's public remarks no longer contained the deadline that the House and Senate have floor votes before the month-long recess, but he reiterated his sense of urgency that Congress produce a bill that he can sign into law this fall.

#### **NEXT STEPS:**

The week of July 27 is currently scheduled to be the House's last week in session before the August recess, and the Senate is scheduled to be in session through the week of August 3. Most Capitol Hill insiders and healthcare experts agree that the chance of floor action in the House is slim, and with the Senate officially waiting until September for a floor vote, all eyes will be focused on the Senate Finance Committee. If bipartisan negotiations progress to the point of an agreement being reached, Chairman Baucus is expected to mark up a bill the week of August 3, so that the August break can be spent

combining the Finance proposal with the already-passed Senate HELP Committee bill, in preparation for a September floor vote.

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