

## NEWSSTAND

Healthcare Update: Last Week in DC: The Healthcare Reform Debate

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After months of behind the scenes negotiations, the Senate Finance Committee began debating healthcare reform on the record last week, as its long-awaited markup got underway. Across the Capitol, House leaders worked to finalize the details of their healthcare reform measure, as they continued to set the stage for a floor vote next month.

### **SENATE FINANCE MARKUP GETS UNDERWAY:**

Finance Chairman Max Baucus (D-MT) convened his committee's healthcare reform markup on Tuesday, facing more than 500 amendments to his \$900 billion proposal that calls for the creation of non-profit health insurance cooperatives to compete with private insurers. The Baucus bill would also expand Medicaid and provide financial assistance to those who cannot afford insurance. To pay for these coverage expansions, the legislation includes mandates on individuals and businesses to obtain and provide coverage, annual fees levied on pharmaceutical companies, insurance companies and other healthcare industry members, changes to Medicare, and new taxes on the so-called "Cadillac" health plans.

In order to alleviate concerns from his fellow Democrats and negate the need for many of their amendments, Chairman Baucus released an amended version of his proposal as Tuesday's markup got underway. The changes were designed to make health insurance more affordable to middle-income Americans, and included increasing eligibility for subsidies that will assist with paying monthly premiums, as well as reducing the penalty for not having insurance.

Committee Members slogged through amendment after amendment, as they settled in for a marathon markup that included several late evening sessions. The tone grew heated and partisan on many occasions, and the committee spent a substantial amount of time debating procedural matters in addition to healthcare policy. The intensity of these debates slowed the markup's progress considerably, leaving the Chairman's initial goal of completion by Friday unmet.

The markup will resume Tuesday morning, at which time committee Democrats are expected to offer amendments that would add their preferred government-run public insurance option to the bill, in lieu of the non-profit medical cooperatives that are currently in Chairman Baucus' proposal. Supporters of these anticipated amendments, who include Senators Chuck Schumer (D-NY) and Jay Rockefeller (D-WV), concede that they are unlikely to pass, but intend to offer them in order to lay the groundwork for the public option to be included in the final bill that reaches the Senate floor.

## **HOUSE FINALIZING ITS APPROACH:**

House leaders spent the week working toward a consensus on their healthcare reform bill, H.R. 3200. Each of the three committees with jurisdiction over the measure – Energy and Commerce, Ways and Means and Education and Labor – approved slightly different versions of H.R. 3200 over the summer, and Speaker Nancy Pelosi (D-CA) has spent weeks trying to strike a delicate balance that will satisfy the majority of her caucus.

One of the most difficult points of contention throughout this process has been the inclusion of a public option to increase health insurance coverage. Liberal Democrats have insisted on a public option with reimbursement rates tied to Medicare, and dozens have threatened to vote against a final bill that does not contain this “robust” public option. On the other hand, moderate Democrats insist on a scaled back version of the public option, and the votes of moderate Blue Dog Coalition Members would be in question should this softening not occur.

In addition, the revenue-raising provision in H.R. 3200 that places a new surtax on wealthy Americans in order to pay for the expansion coverage has proven to be unpopular among some factions within the Democratic caucus, including a group of small business-friendly freshmen who have threatened vote against healthcare reform should the tax remain in the bill in its current form.

From a political standpoint, many moderate Democrats have little to no appetite to take a tough vote on the aforementioned policies, particularly given the fact that these provisions have little hope of being approved by the Senate. House leaders recognize this point, but at the same time have noted that moving too far to the right on H.R. 3200 will leave them with weakened negotiating abilities when healthcare reform eventually reaches a Conference Committee – the process by which the House and Senate will iron out their differences and agree on a final piece of legislation.

## **RECONCILIATION AND NEXT STEPS:**

Upon completion of the Senate Finance Committee markup, the approved healthcare reform bill must be combined with the measure passed by the Health, Education, Labor and Pensions (HELP) Committee this summer, in order to produce a single piece of legislation to bring to the Senate floor for a vote. The timing and exact approach Democratic leaders will take during this step remains unclear, and depends largely upon whether or not they can assemble 60 votes for the bill. Doing so would avoid having to resort to the controversial parliamentary tactic of budget reconciliation, a process that is viewed as a last resort and would allow the Senate to pass a watered down healthcare reform bill with a simple 51 vote majority.

Democrats’ ability to attain 60 votes received a boost last week when Massachusetts appointed an interim Senator to fill the vacant seat of the late Edward M. Kennedy, which gave the party back its 60 vote majority. However, other potential impediments remain in play, including the votes of several moderate Democrats who are not likely to vote in favor of a healthcare reform bill that contains the public option. In addition, the health of Senator Robert Byrd must not be

overlooked, given that he was released from the hospital last week and has not been in good health for much of the year.

In the House, once leaders produce a consensus version of H.R. 3200, cost estimates must be obtained by sending the bill to the Congressional Budget Office – a process that could take up to two weeks. In addition, Speaker Pelosi and her team will need to ensure that the measure has the necessary 218 votes before bringing it to the House floor for a vote. Given these factors, it appears that a House vote will not occur until mid-October, at the earliest.

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