

## NEWSSTAND

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

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[Leslie J. Levinson](#), [Edward Eynon](#)

Senate Democratic leaders were handed a surprising defeat last week, as they tried – and failed – to increase Medicare payments to physicians by separating the proposal from the larger issue of healthcare reform and passing it as a stand-alone bill on the Senate floor. Meanwhile, healthcare reform negotiations continued in both the House and Senate, as leaders spent another week seeking a consensus on the controversial issue.

### **COMPLICATIONS SURROUND PHYSICIAN PAYMENT BILL:**

In an effort to bring stability to the physician payment system, Senate leaders sought to approve legislation last week that would have replaced Medicare’s flawed reimbursement formula and averted scheduled payment cuts that could harm seniors’ access to physicians. However, despite the longstanding bipartisan support that such efforts generally enjoy, the measure was soundly defeated.

In the Senate, 60 votes are needed to overcome a procedural hurdle and allow legislation to move forward on the Senate floor. Not only did Majority Leader Harry Reid (D-NV) fall short of that threshold, but he also failed to garner even a simple 51 vote majority when the measure failed by a vote of 47-53 on Wednesday.

12 moderate Democrats and one Independent joined Senate Republicans in defeating the measure. Despite their support for a long-term remedy to the flawed Medicare physician payment system, the Democratic defections were largely based on budgetary concerns, due to the fact that the \$245 billion effort was not paid for or offset by revenue increases or spending cuts elsewhere.

Democratic leaders took the defeat in stride, stating that a one year “patch” to prevent physician payment cuts that is included in the Senate’s healthcare reform bill would have to suffice for now, and that the issue of a longer-term fix would be revisited after Congress completes its healthcare overhaul. Republicans, however, immediately seized upon the defeat, predicting that the 12 Democratic defections are a sign of things to come as the Senate moves forward with a large scale healthcare reform bill in the coming weeks.

## **SENATE NEGOTIATIONS CONTINUE:**

Behind the scenes in Majority Leader Reid's office, negotiations to blend the Senate Finance Committee healthcare reform bill with its Health, Education, Labor and Pensions (HELP) Committee counterpart continued last week with no definitive conclusion in sight.

As previously reported, the crux of the problem is how to handle the controversial proposal to create a government-run public health insurance option to compete with private insurers. The HELP proposal includes such an option, while the Finance bill takes a different route, instead creating non-profit medical cooperatives in order to increase health insurance coverage.

Finding a compromise that can attract the 60 votes necessary to prevent a filibuster and allow for a bill to be considered on the Senate floor has been at the center of the negotiations, and has included a heavy focus on the chamber's skeptical centrists, including a handful of moderate Democrats in addition to moderate Republican Olympia Snowe (R-ME). Reports indicated that last week's talks included a proposal that would give states the option of creating state-based public health insurance plans, as well as a proposal that would create a national public option and then allow states to opt out.

It has also been reported that Majority Leader Reid has appealed to moderate Democrats to support the procedural vote to prevent a filibuster and proceed with consideration of a bill on the Senate floor, even if they ultimately intend to vote against its final passage. It is unclear whether any on-the-fence Democrats would agree to this approach, particularly given the potential political ramifications of such actions.

## **PELOSI'S PUSH FOR A "ROBUST" PUBLIC OPTION:**

In the House, Speaker Nancy Pelosi (D-CA) was emboldened early last week by preliminary estimates from the Congressional Budget Office (CBO) that the liberal-favored "robust" public option would save more money and cover more Americans than alternative public option proposals preferred by moderates. Armed with this data, she spent the week counting votes for the stronger version of the public option – one with reimbursement rates tied directly to Medicare, as opposed to the moderate-preferred approach that would allow providers to negotiate their reimbursement rates and not mandate their participation in the new program.

However, the Speaker's attempt to amass the 218 votes she needs to pass the robust version of healthcare reform on the House floor ran into roadblocks almost immediately, as moderate Democrats renewed their calls for changes to the bill. On Thursday, 36 Democrats warned leaders that they will not support a healthcare reform bill that does not cut costs in the long term. In addition, many of those same moderate Democrats have vowed to oppose any public option that ties reimbursement rates to Medicare, pitting them squarely against the sizable group of liberal Democrats that have vowed just the opposite.

## **NEXT STEPS:**

Leaders in both the House and Senate have cited the possibility that their chamber may be ready to formally introduce a final, consensus piece of healthcare reform legislation this week. This potential occurrence could set the stage for floor consideration in both the House and Senate as early as the week of November 2. However, this optimistic timeline relies on Democratic leaders' ability to achieve and maintain a consensus on legislative language that would garner the necessary number of votes for passage – something that has yet to occur. We will continue to monitor this evolving process and provide regular updates.

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Les Levinson, Partner, Chair, Healthcare Practice 212.912.2772

[llevinson@eapdlaw.com](mailto:llevinson@eapdlaw.com)

Teddy Eynon, Partner, Public Policy & Government Relations 202.478.7379

[teynon@eapdlaw.com](mailto:teynon@eapdlaw.com)