

NEWSSTAND

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

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Though both the House and Senate were officially in recess, several notable occurrences took place last week as key players moved ahead on the difficult task of how to reconcile the differences between the two chambers' healthcare reform plans.

DEMOCRATS AGREE TO SKIP FORMAL CONFERENCE PROCEEDINGS:

On Tuesday, the White House and Democratic leaders made the widely anticipated decision to forgo a formal conference committee on healthcare reform legislation in favor of a less formal process that will consist of back room negotiations among top Democrats and eventual consideration on the House and Senate floors in a so-called "ping-pong" fashion.

Bypassing the formal conference will allow Democrats to finalize their healthcare reform overhaul without the numerous procedural delays that Republicans could employ to thwart final passage – making it possible for Congress to deliver a final package to President Obama before his State of the Union Address in late January or early February. As expected, Republicans decried the decision, noting the President's often-mentioned campaign promise to make healthcare reform negotiations an open, transparent process.

Under the less formal strategy, Democrats will reconcile the differences between the House- and Senate-passed healthcare reform bills (H.R. 3962 and H.R. 3590, respectively) behind closed doors in a series of staff- and Member-level meetings. Among the more controversial issues to resolve will be the government-run public insurance option, language relating to abortion coverage, and the distinctly different tax increases preferred by the House and Senate in order to pay for the nearly \$900 billion legislation.

Upon reaching an agreement – a process that Republicans charge will be veiled in secrecy and full of back room deals – the House would then take up the Senate-passed bill and add an amendment containing the agreed-upon changes. From there the amended measure would ping-pong back to the Senate for one last vote, clearing the final bill to be signed into law by the President.

FINANCIAL REALITIES:

Each chamber has its strong preferences when it comes to negotiating a final healthcare reform bill, though it is widely expected that the compromise language will more closely mirror the Senate-passed legislation, particularly in that it will not include the House-preferred public

option. As a result, it appears House leaders will seek increased subsidies for low- and moderate-income individuals in order to ensure that health insurance is affordable, in addition to other provisions that will provide competition for insurance companies and hold them accountable for their coverage and service.

Increased subsidies for lower-income individuals will add to the difficulties of fully financing the Senate bill, which already has a price tag of more than \$870 billion over 10 years. In addition, Democrats must also contend with the repeated request from President Obama that a final bill not exceed a \$900 billion price tag.

Further financial concerns have also surrounded the increased criticism that moderate Senator Ben Nelson (D-NE) faced last week over a Medicaid provision that was added to H.R. 3590 as leaders worked to secure his vote for the legislation in December. The provision gives the state of Nebraska preferential treatment in that it provides indefinite full federal funding in order to cover the costs of expanding the Medicaid program, whereas other states would be responsible for roughly 10 percent of the cost beginning in 2017.

On Thursday, Senator Nelson stated that he is now seeking to change the controversial provision, adding that all states must be treated equally. Such a change could cost hundreds of billions of dollars, adding yet another financial burden to Democratic leaders' struggle to reach a final agreement that will satisfy all 60 Senate Democrats and at least 218 House Members – the magic numbers necessary in each chamber for final approval.

NEXT STEPS:

The House returns to session this week, and the Senate will reconvene on January 20. Informal conference proceedings will continue, as Democratic leaders strive to meet their goal of completing a major healthcare reform bill in early 2010, before the complex realities of election year politics set in.

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