

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

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Congress returned to session last week, and Congressional leaders and the White House wasted no time getting back to business on the controversial issue of healthcare reform.

PRESIDENT OBAMA'S ADDRESS TO CONGRESS:

After weeks of intense and often rancorous town hall meetings that grabbed national headlines and further eroded public confidence in healthcare reform efforts, President Obama sought to turn the tide and provide Democrats with a shot in the arm as they continue their push to enact legislation this year.

Despite White House insistence that the speech would demonstrate exactly where the President stands on the specifics of healthcare reform, the address was short on details and new proposals, and was largely focused on re-stating his known views and providing renewed inspiration to his party. In doing so, President Obama reiterated his three principles for healthcare reform – that reform make the healthcare system more secure for those who already have insurance, that it slow the growth of healthcare costs, and that it provide coverage for those currently without health insurance.

When speaking about one of the most controversial aspects of healthcare reform – the government-run public insurance option – President Obama strongly defended the proposal, but stopped short of drawing lines in the sand and instead stated that there are several constructive versions of a public option worth exploring.

The President also sought to quell concerns over the assertion that healthcare reform legislation would result in so-called “death panels” for seniors’ end of life care, and the notion that the bill would provide coverage to illegal immigrants, the latter of which resulted in the now infamous “You lie!” outburst from Rep. Joe Wilson (R-SC).

The speech was well-received by liberal and conservative Democrats alike, despite the two factions’ ideological divide over the public option and the fact that the President did not clearly state what type of public option (if any) must be in the final bill. Republicans by and large praised the tone and delivery of the speech, while still expressing skepticism and lamenting the lack of details on major provisions, such as the public option and how to finance the overhaul.

SENATE FINANCE COMMITTEE MARKUP DATE SET:

After ongoing bipartisan discussions over the August recess failed to yield a final agreement on healthcare reform, Finance Committee Chairman Max Baucus (D-MT) put forth his own proposal in advance of the President’s address to Congress. The 18-page plan was distributed to the so-called “Gang of Six” bipartisan negotiators for review, though none of the three Republican members of the group have signed off on the measure.

Chairman Baucus’s plan eschews the government-run public health insurance option in favor of consumer-owned insurance cooperatives in order to increase coverage, and sets up health insurance exchanges where small businesses and individuals could purchase insurance. In addition, the proposal would increase coverage by expanding the Medicaid program to include anyone below 133 percent of the federal poverty level, and by providing tax credits for the purchase of private insurance.

The proposal is estimated to cost \$900 billion over 10 years – meeting the Chairman’s goal to produce a plan that costs less than \$1 trillion. It would be financed through significant savings in Medicare, along with annual fees from stakeholders (such as insurers, pharmaceutical companies and laboratories) and a new excise tax on high cost health plans.

With or without Republicans on board, Chairman Baucus intends to formally unveil his proposal by September 15, with a markup set to begin following week. Whether or not a bipartisan agreement could still be reached before or during the markup remains to be seen, though most insiders are less than optimistic.

NEXT STEPS:

By the week’s end, Democrats appeared reenergized and optimistic about their chances of enacting healthcare reform this year, with Senate Majority Leader Harry Reid (D-NV) predicting completion of a bill before Thanksgiving. In the House, Speaker Nancy Pelosi (D-CA) also expressed confidence that a bill would be on the President’s desk by the end of the year, despite the intra-party squabbling that has significantly slowed her chamber’s progress on an overhaul bill (H.R. 3200).

Meetings and negotiations will continue this week, as the House continues to cobble together the three versions of H.R. 3200 that were approved in July by the three committees with healthcare jurisdiction, and the Senate prepares for a Finance Committee markup and the eventual blending of that proposal with the already-approved Health, Education, Labor and Pensions (HELP) Committee bill.

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