



## House Returns for Suspensions and Leadership Decisions on Health Reform Procedure

### *Schedule*

This week the House will be in session on Tuesday and Wednesday for suspension votes and then recess until January 19th when the Senate will also reconvene for the second session of the 111th Congress. While House and Senate Democrat leaders continue to ponder whether

to convene a “regular” conference committee or engage in a “ping-pong” strategy on health reform (H.R. 3962, the House version, and H.R. 3590, the Senate version), the House will take the temperature on how to proceed at their annual Democrat retreat and hear from **President Obama** and **former President Bill Clinton**.

## White House Meeting on Health Reform

Last week **President Obama** met with **House Speaker Nancy Pelosi** and the “Tri-committee” **Chairs Henry Waxman (E&C), Charles Rangel (W&Ms) and George Miller (E&L)**. The President’s message was to “get it done” and House leaders would still like to have reform finalized for the President’s State of the Union address. Also, the Administration is apparently leaning toward support of the House bill’s provisions to subsidize lower-income persons (at a level of \$602 billion over 10 years in the House versus \$436 billion in the Senate bill). Also, the President continues to support some version of the Senate’s “Cadillac” coverage excise tax for plans with annual premiums greater than \$8,500 for individuals and \$23,000 for families. The excise tax remains unpopular among unions,

who generally have negotiated more expensive coverage, and among small businesses, which traditionally have had to pay higher insurance premiums per employee than for larger businesses which self-insure.

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## Health Reform Update

### Conference or No Conference?

The President's charge to "get it done" is apparently persuading House leaders to engage in an informal conference with Senate leaders with the intent of the House sending the Senate bill, H.R. 3590, back with a House/Senate/White House agreement. However, there remain some sticky wickets with how to craft an abortion coverage provision that is acceptable to **Rep. Bart Stupak** and other Democrat pro-lifer's as well as to the progressive caucus which opposes the Stupak approach. As to other issues, after a Democrat caucus session held last week, **Rep. Rosa DeLauro** said both the Cadillac excise tax and the differences in the House and Senate exchange approach (House, a national exchange, and Senate, state-based exchanges) remain the most contentious issues. While the inclusion of the House version of the public option could be a deal killer, **Speaker Pelosi** insists that provisions be included to make "insurance companies accountable." The differences in the two bills on how to pay for reform also need to be reconciled. **Rep. Frank Pallone** said that a compromise could include the Cadillac excise tax modified to be

less harmful, some version of the House surtax and an increase in the Medicare payroll tax (either similar to the Senate version or modified along the Stabenow proposal which would also apply the tax to investment income as well). It is also expected that the House will attempt to keep the 2013 effective date for insurance reforms over the Senate's 2014 start up date. The Senate's 100% funding of Nebraska's new Medicaid mandates under reform has come under severe attack. In this regard, **Nebraska Senator Ben Nelson** said he is working with Senate leaders to come up with changes that would treat all states equally under the legislation's Medicaid expansions. On the "pay for delay" drug issue, **Senator Herb Kohl** and others are pressing Senate leadership to include the House provision in section 2573 that would prevent such pay-for-delay settlements of drug patent litigation. Businesses, particularly those with self-insured plans, continue to lobby for changes in both bills which they see as destructive to the employer-based health coverage system. For example, the American Benefits Council said, unless changes are

made, more companies will drop their employer plans and opt instead to pay the penalties for not offering coverage. ABC said it prefers the Senate's less onerous penalties and that employers who offer generous group health plans should not be required to pay a penalty (as in the House bill) or provide a voucher to employees who cannot afford the plans or who opt out of the plans (as in the Senate bill). The organization also recommended that employers be allowed to offer lower-cost catastrophic coverage plans if their plan options are unaffordable to lower-income employees. It also said that preserving ERISA's uniformity and federal role is a key to maintaining affordable coverage and, therefore, recommended striking the House provisions that apply state law rights and remedies to employer-sponsored health coverage obtained under health insurance exchanges. Republicans continue their united opposition to the legislation and are not expected to play any role in shaping the final legislation.

## CMS OACT Reports on Health Spending

Last week the CMS Office of the Actuary released their annual report on national health spending stating that U.S. health spending grew 4.4% in 2008, reaching \$2.3 trillion or \$7,681 per person. It said that this rate, lower than the 6% growth in 2007, was

reduced at least in part due to the economic recession. Even with the lower rate of growth, health care spending as a percent of GDP rose to 16.2% in 2008 from 15.9% in 2007. Although OACT found that spending slowed for nearly all health care goods and services related to local,

state and private sources, federal spending accelerated (mainly due to the ARRA's increase in the federal Medicaid match).

## CDC Announces Reorganization

CDC Director Thomas Frieden has announced an agency-wide reorganization to improve CDC's ability to distribute data and information to state health officials, policymakers and the public; better support state and local health departments; expand global health initiatives; provide further guidance to U.S. residents in living healthier lives; and ensure a greater reduction in illness, disability and deaths. CDC will also establish a new Center for Global Health, which will combine

the responsibilities of the current malaria branch, the epidemiology program and HIV/AIDS efforts. Newly established positions include a deputy director who will be in charge of the Office of State and Local Support which will work to strengthen and help state and local health departments and a deputy director who will manage the Office of Surveillance, Epidemiology and Laboratory Services by overseeing efforts to improve the collection and use of data.