



“Snow Job” Delays Bipartisan Jobs Bill/COBRA Extensions & Health Reform

Jobs Bill or No Jobs Bill?

Last week **Senate Finance Committee Chairman Max Baucus** and the ranking **Republican Charles Grassley** reached agreement on a bipartisan \$85 billion jobs bill that would have among other things:

- ◆ extended unemployment benefits and COBRA health subsidies for laid-off workers through May;
- ◆ continued the current Medicare physician payment freeze at 2009 levels through October 1, 2010;
- ◆ extended the exemption of the cap on physical and speech therapy;
- ◆ extended Medicare payment provisions for mental health providers and ambulance services and for physicians in areas where the work geographic practice cost index (GPCI), part of the formula for determining regional payment rates, is below 1.0;
- ◆ extended until September 30 so-called Section 508 hospital reclassifications;
- ◆ increased payments for outpatient services in hospitals in rural areas;
- ◆ provided an accreditation exemption for certain pharmacies that furnish durable medical equipment; and
- ◆ clarified eligibility for physician health information technology incentive payments.

However, **Senate**

Majority Leader Harry Reid

apparently could not persuade his caucus to buy into the Baucus/Grassley provisions, that also included \$31 billion in tax extenders, and opted to first schedule a cloture vote this Tuesday on H.R. 2547 with a Senate amendment containing a slimmed down \$15 billion 4-point proposal that includes a Hatch/Schumer payroll tax break for small businesses, an extension through this year of federal surface transportation programs, an expansion of the Build America Bonds program of tax-credit bonds for state and local infrastructure projects and an expiring extension through this year for higher expensing limits for small businesses included in the 2009 ARRA.

Senator Reid's office said that he still intends to bring up additional jobs measures that would

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extend unemployment insurance and COBRA subsidies by the end of the month. **Senator Ben Cardin** said that the Baucus/Grassley bill would take weeks to get off the Senate floor and that the first bill is but a “first step” to allow Democrats and Republicans to “build trust and momentum” on jobs and other initiatives. Whether there will be 60 votes February 22nd to move the first bill remains to be seen.

HITECH MD Outpatient Payments Left Uncertain

The demise of the Baucus/Grassley jobs provisions has

also left in place CMS rules that exclude incentives to outpatient physicians for the use of electronic health records under the Health Information Technology for Economic and Clinical Health (HITECH) Act. The Finance bill would have made clear that incentives for the meaningful use of electronic health records could be paid to all Medicare and Medicaid participating physicians except those working only in inpatient or emergency room settings, but including hospital-affiliated group practices and hospital-owned ambulatory clinics.

Medicare MA Payment Rates Left Uncertain

CMS is expected to issue the 45-day Advance Notice on MA payment rates for 2011 on Friday, February 19. The Baucus/Grassley jobs bill initially would have directed CMS to assume a zero growth rate for physician reimbursement in calculating Medicare Advantage payment rates for 2011. Without a resolution of physician payment rates, final MA payment rates for November-December 2010 and all of 2011 will be left up in the air.

HHS Grants for Health IT

Last week HHS and the Department of Labor announced that their departments will provide nearly \$1 billion in new ARRA grants to fund

state health information exchanges (HIEs), regional extension centers for health information technology and job training for health IT careers.

D-Day on Health Reform

President Obama has issued a challenge for Republicans to join him and congressional Democrats in a February 25th 3-hour televised debate on health reform. The President is expected to have a refashioned House/Senate health reform proposal placed on the web before the debate. The President has said Republicans should do the same for their “comprehensive” proposal. At a White House bipartisan leadership meeting last week, the President also rejected **Senate Majority Leader Mitch McConnell’s** suggestion that the President “start over” and jettison the House and Senate passed health reform bills. The President’s challenge for February 25th debate was “I’m looking forward to a constructive debate with plans that need to be measured against this test: Does it bring down costs for all Americans, as well as for the federal government, which spends a huge amount of health care? Does it provide adequate protection against abuses by the insurance industry? Does it make coverage affordable and available to the tens of millions of working Americans who don’t have it right now? And does it help us get on a path of fiscal sustainability?” The President, **HHS Secretary Sebelius** and congressional Democrats all said the need for health reform is demonstrated by a recent report that Anthem Blue Cross, the largest insurer in California, plans to increase premiums for many individual policyholders by as much as 39%. **House Minority Leader John**

Boehner said “It’s going to be very difficult to have a bipartisan conversation with regard to a 2,700-page health care bill that the Democrat majority in the House and the Democrat majority in the Senate can’t pass. So why are we going to talk about a bill that can’t pass? It really is time to scrap the bill and start over. And let’s talk about common sense things that we can do to make health care more affordable for the American people....”

What the President intends to get out of the meeting was indicated in remarks by **HHS Secretary Kathleen Sebelius** who said that although the President would absolutely not restart the legislative process, he would “add various elements” that may be proposed during the February 25th meeting. **House Speaker Nancy Pelosi** said she is open to ideas from Republicans, but also indicated that Democrats would not hesitate to use budget reconciliation to push a health care reform bill through the Senate with only 51 votes. Anticipating the worst, House Minority Leader sent out an email headlined “White House Health Care Summit: Honest, Bipartisan Conversation or Set-Up for Another Democratic Backroom Deal?” The February 25 participants are expected to include Democrat and Republican House and Senate leadership as well as the committee chairmen and ranking members of the committees with health jurisdiction (an additional 4 members on each side may also be included,

possibly including **Senator Judd Gregg** who has a health proposal “CPR: Coverage, Prevention and Reform” which would guarantee all residents access to low-premium policies that shield them against catastrophic costs and provides them with preventive benefits and disease management under the deductible).

The White House on Friday released an invite list (see page 4), a letter (See Appendix A) detailing the format --a challenge to Republicans to present their own comprehensive reform plan. The White House invited the Democratic and Republican leadership of both chambers, along with the chairmen and ranking members of the relevant committees. Each leader will be able to invite four more members of their choosing -- for an additional 16 members between the two chambers.

The format of the Feb. 25 summit has the feel of a quasi-debate, at least at the beginning. The president will give opening remarks, followed by remarks from a Republican leader and a Democratic leader, according to the letter. The president will then moderate discussion on four topics: insurance reforms, cost containment, expanding coverage, and the impact health reform legislation will have on deficit reduction, the letter stated. (Politico)

Health Summit Invite List

Members of Congress Invitation List (plus 16 members to be selected by Republican and Democrat leaders):	Representative John Boehner, R-OH, Republican Leader
Senator Harry Reid, D-NV, Majority Leader	Representative James Clyburn, D-SC, Majority Whip
Senator Mitch McConnell, R-KY, Republican Leader	Representative Eric Cantor, R-VA, Republican Whip
Senator Richard Durbin, D-IL, Majority Whip	Representative Charles Rangel, D-NY, Chairman of the Ways and Means Committee
Senator Jon Kyl, R-AZ, Republican Whip	Representative Dave Camp, R-MI, Ranking Member of the Ways and Means Committee
Senator Max Baucus, D-MT, Chairman of the Finance Committee	Representative Henry Waxman, D-CA, Chairman of the Energy and Commerce Committee
Senator Chuck Grassley, R-IA, Ranking Member of the Finance Committee	Representative Joe Barton, R-TX, Ranking Member of the Energy and Commerce Committee
Senator Tom Harkin, D-IA, Chairman of the Health, Education, Labor and Pensions Committee	Representative George Miller, D-CA, Chairman of the Education and Labor Committee
Senator Mike Enzi, R-WY, Ranking Member of the Health, Education, Labor and Pensions Committee	Representative John Kline, R-MN, Ranking Member of the Education and Labor Committee
Senator Christopher Dodd, D-CT, Member of the Health, Education, Labor and Pensions Committee	Representative John Dingell, D-MI, Chair Emeritus of the Energy and Commerce Committee
Speaker Nancy Pelosi, D-CA	
Representative Steny Hoyer, D-MD, Majority Leader	

February 12, 2010

The Honorable Nancy Pelosi
Speaker of the
House of Representatives
Washington, D.C. 20515

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable John Boehner
Republican Leader
House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, D.C. 20510

Dear Speaker Pelosi, Senator Reid, Senator McConnell, and Representative Boehner:

We are writing to ask that you join President Obama for a bipartisan meeting at the Blair House on February 25 to discuss health reform legislation.

We have seen again in recent days that when it comes to health care, the status quo is unsustainable and unacceptable. The proof is right in front of us: just last week, a major insurer, Anthem Blue Cross, announced plans to increase premiums for many of its policyholders in California by as much as 39 percent on March 1.

As the President noted this week, if we don't act on comprehensive health insurance reform, this enormous rate hike will be "just a preview of coming attractions. Premiums will continue to rise for folks with insurance; millions more will lose their coverage altogether; our deficits will continue to grow larger."

Now is the time to act on behalf of the millions of Americans and small businesses who are counting on meaningful health insurance reform. In the last year, there has been an extraordinary effort to craft effective legislation. There have been hundreds of hours of committee hearings and mark-ups in both the House of Representatives and Senate, with nearly all of those sessions televised on C-SPAN. The Senate spent over 160 hours on the Senate floor considering health insurance reform legislation and, for the first time in history, both the House of Representatives and Senate have approved comprehensive health reform legislation. This is the closest our Nation has been to resolving this issue in the nearly 100 years that it has been debated.

The Blair House meeting is the next step in this process. The session will begin at 10:00 a.m. and be broadcast live in its entirety. Although it is impossible to include every House Member or Senator who has played a pivotal role in the health care debate, the President is inviting the most senior House/Senate bipartisan leadership, as well as the chairmen and ranking members of the committees that oversee health insurance reform legislation in both chambers. A complete list of this group is attached. The President would like each of you to designate an additional four Members to attend the meeting and be available to participate. It is also

important that each of you have one staff member specializing in health care policy in the meeting.

We will have a representative from the Office of Management and Budget to provide technical assistance, and hope that representatives from the Congressional Budget Office and the Joint Committee on Taxation will also be able to attend.

In addition to the President, attending and participating on behalf of the Administration will be the Vice President, Health and Human Services Secretary Kathleen Sebelius, and Nancy-Ann DeParle, Director of the Office of Health Reform.

The President will offer opening remarks at the beginning of the meeting, followed by remarks from a Republican leader chosen by the Republican leadership and a Democratic leader chosen by the Democratic leadership. The President will then open and moderate discussion on four critical topics: insurance reforms, cost containment, expanding coverage, and the impact health reform legislation will have on deficit reduction.

Since this meeting will be most productive if information is widely available before the meeting, we will post online the text of a proposed health insurance reform package. This legislation would put a stop to insurance company abuses, extend coverage to millions of Americans, get control of skyrocketing premiums and out-of-pocket costs, and reduce the deficit.

It is the President's hope that the Republican congressional leadership will also put forward their own comprehensive bill to achieve those goals and make it available online as well. As the President said earlier this week:

I'm looking forward to a constructive debate with plans that need to be measured against this test: Does it bring down costs for all Americans as well as for the Federal Government, which spends a huge amount on health care? Does it provide adequate protection against abuses by the insurance industry? Does it make coverage affordable and available to the tens of millions of working Americans who don't have it right now? And does it help us get on a path of fiscal sustainability?

These are priorities that we all share, and the President is looking forward to examining with you and your colleagues how we can best achieve the most effective reform possible.

Sincerely,

Rahm Emanuel
Assistant to the President
and Chief of Staff

Kathleen Sebelius
Secretary of Health and Human Services