
AUGUST HEALTH CARE REFORM UPDATE

Earlier this year, both the House and Senate Democratic Leadership set the August recess as a benchmark for passing health care reform legislation out of their respective chambers. Both chambers failed to meet their established deadline, and the health care reform debate now stands at a crossroads as the August recess begins.

The House passed their health care reform bill out of the three committees of jurisdiction prior to leaving for August, while the Senate passed their bill out of one of the two committees of jurisdiction.

Debate over the government-run health insurance plan, the employer mandate, taxes (who to levy them on) and health care cost cuts (where they are going to come from) continue to perplex both House and Senate policymakers. Below is a brief overview of where each chamber currently stands.

U.S. House

The House Democratic Leadership released their health care reform bill in mid-July. Three committees in the House claim jurisdiction over health care reform and each passed the House Democratic bill out of their committee in July.

Ways and Means Committee

The bill was passed out of the committee on July 16th by a vote of 23-18. Three Democrats joined all Republicans in opposing the bill.

Education and Labor Committee

The bill was passed out of the committee on July 17th by a vote of 26-22. Three Democrats joined all Republicans in opposing the bill.

Energy and Commerce Committee

After a two week delay because of objections raised by Blue Dogs, the bill was passed out of committee on July 31st by a vote of 31-28. Five Democrats joined all Republicans in opposing the bill.

The Blue Dogs objections were tempered by an overture from Chairman Waxman to insert the following provisions into the committee's bill and also delay consideration of the legislation by the full House until September. Please note that not all of these provisions may be included in the final version of the bill that is considered by the House this fall.

- Approximately \$100 billion in cuts to the overall cost of the bill (cuts to subsidy levels as well as Medicaid and Medicare);
- Doubling the Small Business exemption from the Employer Mandate to \$500,000 in payroll (it was previously \$250,000);
- Language explicitly allowing the creation of "co-ops" (though the public plan is still in the bill);
- Removing the requirement that the public plan be based on Medicare rates and instead allowing the HHS Secretary to negotiate public plan payment rates;
- Allowing physicians who accept Medicare to opt-out from participating in the public plan (previously all physicians who accepted Medicare were required to accept the public plan); and
- Explicit language allowing insurance agents to sell both inside and outside of the "Exchange" and to sell the public plan.

Next Steps for the House

During the August recess, House leadership and staff will attempt to work out a plan to reconcile the three committee versions of the bill with the hope of having a floor vote sometime in September. During this process, there will likely be significant policy changes to the legislation, and it is very possible one or more of the above Blue Dog amendments could be stripped from the bill that is sent to the House floor. Though four Blue Dogs did support the bill through the Energy and Commerce Committee markup, there is no guarantee they will support it on the House floor if changes are made to the bill. Additionally, other Blue Dogs have categorically stated they do not think the Blue Dog deal went far enough and were not prepared to support the bill. On the other side of the political spectrum, members of the Democratic Progressive Caucus are extremely unhappy with the amended bill and will seek to undo the amendments made in committee. In short, there remains much uncertainty over both the details and the fate of the House legislation.

1. Must combine the three committee markups into one bill for consideration by the full House that will garner enough Democratic support (both moderates and liberals) to pass.
2. House consideration – need 218 votes to pass the bill.

U.S. Senate

Two committees in the Senate claim jurisdiction over health care reform. The Senate HELP Committee released their legislation in June and passed the bill out of committee in July, while the Senate Finance Committee has yet to release their legislation.

Senate HELP (Health, Education, Labor and Pensions) Committee

Their bill was passed out of committee on July 15th by a 13-10 party line vote.

Senate Finance Committee

The committee has set September 15th as a final deadline for producing a bipartisan bill. If that deadline slips, the committee has stated they will proceed without Republican support. Much of the debate in the committee surrounds the government-run health insurance plan, the employer mandate and tax increases.

Next Steps for the Senate

Bipartisan negotiations are ongoing in the Senate Finance Committee between six committee members: Chairman Baucus (D-MT), Conrad (D-ND), Bingaman (D-NM), Ranking Member Grassley (R-IA), Enzi (R-WY) and Collins (R-ME). If the negotiations fail to yield a bill by September 15th, Chairman Baucus has stated that the committee will proceed without Republican support. At that time, the committee will release a bill and then consider it at the committee level. Following passage out of committee, the Senate Finance and HELP bills must be combined into one bill for consideration by the full Senate.

1. Senate Finance Committee must release a bill and pass it out of committee.
2. Senate Finance and HELP Committees must combine their bills into one bill for consideration by the full Senate that will garner enough Democratic and Republican support to pass cloture (60 votes).
3. Senate consideration – need 60 votes to invoke cloture unless reconciliation is used (51 votes).