

Health Care Reform Update

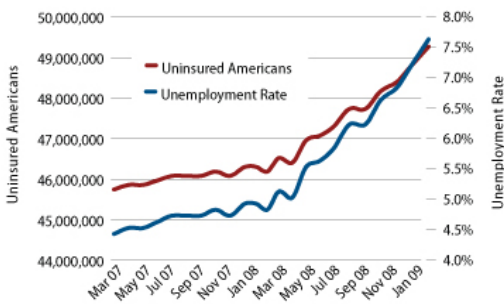
January 2010

On December 24, 2009, Christmas Eve, many rejoiced that the Senate had passed their health care bill. Many of us welcomed this gift and looked forward to the final step in the passage of this bill. Though not perfect, many rejoiced in knowing that finally our country was moving toward passing legislation that would grant health care to many Americans who are currently uninsured or underinsured.

However, on Wednesday morning, January 20, 2010 a major shift occurred. The election of Scott Brown in Massachusetts altered the political balance of the Senate, a change which presents new obstacles for proponents of healthcare reform.

Whether you are in Massachusetts or in another state the need for real health care reform is as great today as it has ever been.

Job and health insurance losses accelerating
14,000 People Became Uninsured Every Day in December and January



Source: Based on Urban Institute, Bureau of Labor Statistics, Census Bureau

[According to the Center on American Progress](#), even when the economy was growing, 46 million people in America did not have any health insurance. Since the recession began, an estimated 4 million additional Americans have lost their health insurance and 2 million have become uninsured **As many as 14,000 Americans are losing health coverage each day.**

Why is Health Care Reform Faltering?

1. Health care bill now lacks many of the easy-sell benefits, including the public option
2. Lack of understanding by public about the benefits of the bill
3. Relentless attacks by Republicans as well as Democrats' own inability to clearly articulate the benefits of the legislation.
4. Unpopularity of the "Cadillac Tax"
5. Cuts in Medicare Program



[Reference: Why Public support for Health Care Faltered](#)

Where We Are Now

The election of Scott Brown in Massachusetts altered the political balance of the Senate, a change which presents new obstacles for proponents of healthcare reform. Most advocates for health reform agree on the need to move forward, but there is no clear path on how to proceed. House Speaker Pelosi (D-CA) and Senate Majority Leader Harry Reid (D-NV) have pledged to complete work on the bill, but have yet to identify a clear way forward that will appeal broadly to their fellow representatives and senators.

The lose of the 60-vote Democratic Senate majority means the House of Representatives must shoulder the burden of salvaging President Barack Obama's health care reform effort:

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[Politico Pulse](#) offered this overview:

There was little unity among shell-shocked Democrats Wednesday as they scrambled to salvage a victory on health reform with no clear way forward. President Obama added to the confusion after he signaled a willingness to consider a stripped-down version of reform, which some Democrats took to mean a bill that includes tighter insurance regulations and moderate coverage expansions. Democrats would have to write a new bill that would need to win over at least one Senate Republican vote, which still seemed unlikely. But some Democrats are betting that a bill packed with reform's greatest hits could jam GOP lawmakers with the tough choice of opposing overwhelmingly popular reforms or helping Democrats pass their signature domestic priority. Still, the political and policy hurdles are high. But the other leading option, passing the Senate bill through the House and making tweaks with a follow-on clean up bill, still faced tough odds as House Speaker Nancy Pelosi didn't appear to have 218 votes for that option. Not to mention that the clean up bill would likely have to be passed using budget reconciliation, a messy process that Democratic insiders warned could lead to weeks of bitterly partisan floor fights and procedural delays – just the kind of things Democrats are desperately trying to avoid as they race to finish a bill.

Resources

- [KHN – Major Milestones in Health Care](#)
- [Democrats Discuss Pieces of Smaller Health Bill](#) -Washington Post article on What appears to be in and what appears to be out

Here are elements that seem likely to be included and omitted:

IN: *Curbing insurance company practices like denying coverage because of medical problems.*

OUT: *A quick strike to pass sweeping legislation before Massachusetts Sen.-elect Scott Brown can be seated.*

IN: *Requiring insurers to allow young adults in their 20s to remain on their parents' coverage.*

OUT: *Setting up a government-run health insurance plan.*

IN: *Aid to help small businesses pay premiums for their workers.*

OUT: *Guaranteed health insurance for all Americans in Obama's first term.*

IN: *Narrowing the "doughnut hole" coverage gap in Medicare's prescription benefit.*

OUT: *Requiring employers to provide coverage or pay a fine.*

Reference: [Democrats Consider Scaling Back Health Reform Package](#)

Legislative Strategies Proposed by Democrats

1. Push the bill through using Budget Reconciliation Rules
2. Start over with a new bill

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1. Budget Reconciliation

Reference: [How The Budget Reconciliation Process Works](#)

What Is Reconciliation?

Budget reconciliation, a provision of the 1974 Congressional Budget Act, is designed to force committees to make changes in mandatory – or entitlement – spending and revenues, such as Medicare. It was conceived by lawmakers as a way to bring down the deficit by easing the path for budget and tax deals.

The rules for budget reconciliation in the Senate restrict the procedure to provisions dealing with the budget. They also set strict protocols for consideration of the bills in both chambers. Under the procedures for reconciliation bills, debate in both houses is limited to 20 hours, and no Senate filibusters are allowed.

Congress has used reconciliation occasionally for non-budget legislation, including rewriting health care and welfare policy, as the Republican majority did in passing major welfare reform in 1996.

What Would The Democrats Gain By Using Reconciliation?

Since filibusters, which take 60 votes to stop, are banned under the reconciliation procedures, Democrats could pass health reform legislation with a simple 51-vote majority. That would allow the Democrats to pass a bill without Republican support and even with a few Democratic defections.

Does The Procedure Have Disadvantages For Democrats?

Lawmakers and policy experts on both sides of the aisle warn that the strategy could backfire on the Democrats by leaving important provisions of the bill vulnerable to a parliamentary challenge and by making the Democrats appear overly partisan and high-handed. In addition, since the bills could deal only with issues of budget and spending, some social policy issues covered in the current legislation, such as abortion funding and coverage of immigrants, might not be allowed.

If reconciliation is used, the Senate Finance and health committees each are supposed to send proposed changes in laws within their jurisdictions to the Senate Budget Committee with changes that would save \$1 billion over the next five years. The House Ways and Means, Education and Labor and Energy and Commerce Committees would face a similar challenge and have to report changes to the House Budget Committee.

Those proposed changes would then be translated by each budget committee into House and Senate bills.

How it works. When those bills reach the House and Senate floors, members have a maximum of 20 hours to debate them – and almost no opportunity to offer amendments – before taking a vote. In the Senate, the bill may be challenged on the floor by any senator who asserts that a provision runs afoul of the “Byrd Rule.”

Assuming that the House and Senate bills are approved, they generally are sent to a

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conference of House and Senate negotiators to be melded into a single piece of legislation. That final conference report, as it is called, is then returned to the floor for a final vote by the two chambers under strict rules that set a timetable for action and that prohibit any amendments.

The procedure, known as "[budget reconciliation](#)," likely would limit the scope of the legislation. But it would also permit a bill to pass with a simple majority of 51 votes.

"The path, which has been suggested by many other people as well as me, is to simply pass the full Senate bill, and then immediately pass a clean-up bill through the reconciliation process, which requires only 51 votes in the Senate. The clean-up bill could include the provisions that progressives in the House and Senate, as well as wide majorities of the American people, have been demanding: the compromise on the benefits tax issue, more affordability for low and moderate income folks, ending insurers' exemption from anti-trust laws, a national insurance exchange instead of the weaker fragmented state run exchanges, and yes, some form of that public option that voters and activists keep saying we want."

Reference: [Clear Path VS. Clear Meltdown, Mike Lux](#)

2. Start Over With A New Bill

Democrats could propose to "start over" with a new bill that would focus on politically popular insurance reforms that have road support on the Hill, like doing away with pre-existing conditions and eliminating antitrust protections for insurance companies

Reference: [Dennis and Drucker](#)

What we Still Need to Do

- [Faithful Reform in Health Care](#)

The Senate bill is by no means perfect, but it is landmark piece of legislation that will make great advances in remedying the deficiencies of broken healthcare system. Among other things will:



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- Extend coverage to over 30 million people who are currently uninsured;
- Provide strong subsidies for health insurance – especially for those in the middle class;
- Provide important insurance industry reforms including eliminating discrimination based on pre-existing conditions;
- Reduce the federal deficit over time;
- Provide a framework for reducing costs ("bending the cost curve") and improving quality of healthcare going forward.

If the House votes to approve the Senate's version of reform, the President will be able to sign it into law. Then, changes and improvements can be made during the budget reconciliation process, as well as during the process of implementing these reforms. The important thing is that we make good on the lengthy process of hard work that has gotten us to this point, and finalize healthcare reform **now**.

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Healthcare reform should not be a matter of partisan competition. It is about solving one of our nation's biggest problems. Passing the Senate healthcare bill is the number one step we can take now to improve the health of our people, as well as the health of our economy.

The United Church of Christ is and has been strongly committed to health care justice for all. We still believe that any health care reform should include: coverage for all persons, access regardless of ability to pay, a full set of benefits, a choice of physicians and other providers, elimination of racial and ethnic and other health disparities, waiver of pre-existing condition exclusions without any age limits and a real public option that will provide choices for those without any choice at all. We must not abandon this fight and we must push forward even in this hard moment.

Our mission and vision as members of Faithful Reform in Health Care, the large coalition of faith organizations, has not changed! Our collective mission has always been that of promoting reform that truly embraces health, wholeness, and human dignity for all. And, to ensuring that health care in our country will be inclusive, guaranteeing that everyone will be a part of a reformed system... accessible, eliminating barriers to needed care... affordable, assuring that persons will no longer have to choose between health care and other basic needs... and accountable, holding all participants in the system responsible for contributing to the common good.

Next Steps

1. Call

ASK: On **Monday, January 25**, join thousands of people of faith from across the country in a National-Call-in Day to Congress. Call your Members of Congress and ask them to FIGHT for health care reform NOW.

MESSAGE:

- We need strong, courageous leadership on Capitol Hill. We CAN still pass comprehensive health care reform – our political leaders just need to stand up and fight for it. We're too close to give up now.
- The politics of the last 48 hours have not changed one thing about the urgent need for reform. Families in our congregations and communities are still suffering needlessly. We can't turn our backs on them.
- If health reform loses, wealthy insurance companies win. The value of greed wins. Millions of people – all of whom are precious in God's sight – will continue.
- We must fight now, more than ever, for the people in our communities who have waited too long to be able to take care of their families. We must fight for those whose lives will be saved. We must fight now for the common good – and demand that our political leaders do the same.

2. Pray

Health and Human Service Sunday in the United Church of Christ – Sunday January 31, 2010. The United Church of Christ is a participant in the national Interfaith Vigil on health care. Mainline denominations are sponsoring action days for the next two weeks.

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On Health and Human Service Sunday:

- [Read the Litany Holy Boldness and lift up prayers](#)
- Pass out copies of the [Sacred Commitment to a Faith-Inspired Vision on Health Care](#)

The Question of the “Cadillac Tax”

- [Understanding the Cadillac Tax debate](#)

As negotiators work to reconcile the differences between the House- and Senate-passed health bills, a deal reached Jan. 14 by the White House, congressional leaders and union representatives increased the likelihood a tax on high-cost insurance policies will be included in the Democrat's final health overhaul legislation.

What is it, and what does it offer the consumer?

Sometimes referred to as a "Cadillac" or "gold-plated" insurance plan, a high-cost policy is usually defined by the total cost of premiums, rather than what the insurance plan covers or how much the patient has to pay for a doctor or hospital visit.

People who have Cadillac plans often have low deductibles and excellent benefits that cover even the most expensive treatments, but this is not always the case. Premium costs can be high for reasons other than generous benefits, including the age, gender and health status of the customer. In an employer-based plan, premiums are based on the pooled risk of employees and may be higher if many of the employees are sick, older, female or live in a region with expensive health costs.

In the health bill passed by the Senate, a high-premium health plan is defined as costing more than \$8,500 for an individual or \$23,000 for a family. The cost includes health and dental benefits, along with worker and employer contributions to flexible spending or health savings accounts. In an [analysis](#) released Nov. 30, the Congressional Budget Office predicts that in 2016, 19 percent of workers who have insurance through the workplace would fall under that category.

This year, the [total cost](#) of the average family policy offered by employers was \$13,375, according to the Kaiser Family Foundation.

What effect would the Cadillac provisions in the health overhaul proposals have?



The health bill passed by the Senate would tax insurers for policies with premiums above the thresholds. The goal of the provision is twofold: to generate revenue to help pay for covering the uninsured (the Congressional Budget Office estimates the tax would raise about \$149 billion over the first 10 years); and to make the most expensive plans — which some argue encourage overuse of medical care — less attractive. The recent White House accord would lower significantly lower the amount of revenue generated by the tax.

Although the tax is to be imposed on insurers, the effects are likely to trickle down to consumers. Insurers or employers might tinker with benefits, for example, by increasing deductibles to reduce premium costs to below the threshold. In addition, more than half of employees with insurance work for companies that "self-insure," meaning the firms pay for their workers' health bills on their own. These employers would be required to pay the excise

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tax themselves and most analysts, including the [CBO](#), estimate that businesses [will respond](#) by redesigning benefits to have lower premiums, higher deductibles and co-payments and terminating employer contributions to health and flexible spending accounts. But economists say employers may pass the savings to workers in the form of higher wages.

Labor leaders threatened to oppose the entire health care bill if such a tax were included. On January 15th, Union leaders dropped their opposition under a compromise that raises the price tag at which an insurance plan would be subject to the tax — from \$23,000 to \$24,000 for a family policy, for example.

The House-passed bill did not include a tax on high-premium health plans.

Reference: [Obama, Democrats Comprise on 'Cadillac Tax'](#)