

MVC Daily Health Care Check Up

July 9, 2009

At the White House

The Obama Administration is continuing its push to keep health care reform on track to pass the House and Senate before the August recess. Vice President Biden held a strategy session with Senate Majority Leader Harry Reid (D-NV) and Senate Finance Committee Chairman Max Baucus (D-MT) at the White House yesterday before the announcement of a deal with hospital groups. White House Chief of Staff Rahm Emanuel met yesterday with key House Democrats and Office of Management and Budget Director Peter Orszag met with members of the House Ways and Means Committee.

Emanuel stressed that the deals struck with key health stakeholders, which have been criticized in recent days by House members, are a clear sign that the political opposition that stopped President Clinton's health care reform is not present this time. He also pressed the House to pass legislation before the August recess. Orszag discussed payfors with Ways and Means members on the House bill and submitted a letter urging members to pass stronger legislation. The letter expresses the Administration's view that the bills being discussed do not incorporate enough best practices that will keep health care costs down over the long term.

On The Hill

Senators continue their efforts to find a bipartisan compromise after the Senate leadership essentially ruled out taxing employee health benefits. A day after instructing Senator Baucus to drop taxing health benefits, Senator Reid assured four Finance Committee Republicans that he is not abandoning bipartisan negotiations. He met for over an hour with Senate Finance Committee Ranking Member Charles Grassley (R-IA) and Senators Mike Enzi (R-WY), Olympia Snowe (R-ME), and Orrin Hatch (R-UT) in a continued attempt to reach a bipartisan compromise.

Members of the Senate Finance Committee met to discuss alternatives that can raise the \$320 billion that taxing employee benefits could provide. Despite Reid's statements, Baucus stated that taxing employee benefits is not off the table. One option being discussed is capping the tax exclusion for benefit plans that cost up to \$25,000.

The Senate Health, Education, Labor and Pensions (HELP) Committee is continuing to mark up their bill, specifically addressing the coverage title including the public plan and employer mandate. Yesterday, the Committee approved an amendment offered by Sen. Jeff Bingaman (D-NM) that would reduce the penalty for individuals who do not obtain health insurance from \$1200 to \$750, bringing it in line with the fee that would be assessed to employers who do not provide health insurance for their workers. Senator Chris Dodd (D-CT) is hoping to complete the markup tomorrow, but the committee could work into the weekend or next week.

In the House, payfors are being finalized and introduction of the Tri-Committee bill is expected tomorrow. Unlike the Senate, there appears to be consensus – at least among the Democrats – around increasing taxes on individuals whose incomes exceed \$200,000 and families who make

above \$250,000. The House bill also is also expected to include a fee for employers that do not provide insurance and a tax on sugary beverages.

Daily Dose: While it still appears that the House is on target to pass a health care reform bill before the August break, things are much more tenuous in the Senate. If the Finance Committee is not able to mark up a bill next week, there will not be enough floor time to merge the bills and pass them before the recess. Moreover, Senate floor time in July will be at a premium, given the upcoming confirmation of Supreme Court nominee Judge Sonya Sotomayor. With each passing day, a September floor vote on health reform is looking more possible.