

Update on National Health Care Reform: Progress Continues

The efforts of the Democratic leadership in Congress to reconcile the House and Senate health care reform proposals continued last week as the climate for reform continued to deteriorate across the country. As the political pundits watch the Senate special election in Massachusetts tomorrow, many observers believe that a Republican win could be the death knell for the bill.

But in a positive development, the White House, Congressional leaders, and labor unions announced on Thursday that they had reached agreement on the proposal to tax high-cost health insurance policies as one of the vehicles to raise revenue to pay for the costs of the proposal. The imposition of this tax to partially fund the costs associated with the bill was one of the biggest obstacles to passage as many Democratic members of Congress and virtually all the labor unions strongly opposed the tax. The tax was included in the Senate bill and the House Democrats strongly objected to it.

The changes negotiated by the parties would lessen the impact of the tax and delay its effective date for many. The thresholds for the tax also were increased so that only policies costing more than \$8,900 for individuals and more than \$24,000 for families would be subject to the tax. And beginning in 2015, the cost of coverage for dental and vision care would be excluded from the value of the policies for the purposes of calculating the threshold. Also, health plans covering state and local government employees and plans which are collectively bargained would be exempt from the tax until 2018.

Because of these changes and others, the tax is now projected to raise \$90 billion over ten years, rather than the \$149 billion estimated from the provisions in the Senate bill.

Democratic leaders of the Congress still hope to enact a merged bill in each legislative body prior to the President's State of the Union address in early February.

You can continue to track the national health system reform debate on the AMA web site at: <http://www.ama-assn.org/ama/pub/health-system-reform/our-vision.shtml>.