

Health System Reform Advances with Help from Senator Snowe

Maine Senator Olympia Snowe cast the sole Republican vote in favor of the health care reform bill drafted by the Senate Finance Committee last Tuesday. The committee vote in favor of the bill was 14 to 9. Stating that, "When history calls, history calls," Senator Snowe noted that the consequences of inaction dictated the urgency of Congress taking every opportunity to demonstrate its capacity to solve the monumental issues of our time.

The proposal would expand insurance coverage to 29 million people who wouldn't otherwise have it by requiring nearly everyone to buy a policy and offering subsidies to assist low and moderate income families. While the cost of the bill over 10 years is \$829 billion, it nonetheless is estimated to decrease the federal deficit by \$81 billion over the same period according to the non-partisan Congressional Budget Office.

Senator Snowe had already made her mark on the proposal during the committee deliberations, opposing a public option and working to reduce the penalties on individuals who do not buy a policy. She also supported larger subsidies to make the policies more affordable.

The proposal advanced by the Committee now must be melded with the bill previously passed by the Senate HELP (Health, Education, Labor & Pensions) Committee prior to the full Senate voting on the bill. Of course, the House has to pass a bill as well in order for the results of the two branches to be reconciled and a final bill sent to the President for his signature. And Senator Snowe made clear that her vote for the committee bill was not a sure sign that she will vote for a final bill. That will depend upon what changes are made to the bill in the processes described above.

The bill also has the following features:

- Medicaid is expanded to most individuals with incomes up to 133% of the federal poverty level (approximately \$14,404 for an individual);
- While there is no employer mandate to offer health insurance coverage, companies with more than 50 full-time employees would have to pay a fee of up to \$400 per employee if they do not offer coverage;
- While there is no "public option," the bill would provide \$6 billion toward creation of non-profit, member-run health insurance cooperatives and insurance exchanges in each state;
- Insurance companies are prohibited from denying coverage, or charging higher premiums because of a person's medical history or medical condition;
- Raises revenue by imposing \$13 billion in new annual fees on insurance companies, medical device manufacturers, and pharmaceutical companies and imposes an excise tax on high-cost health plans - generally 40 percent of the value exceeding \$8,000 for individuals and \$21,000 for families. The tax would be paid by insurers;
- Provides for a 0.5% update to physician fees from Medicare in 2010, instead of the planned 21% decrease. But, there is no permanent repeal of the SGR (sustainable growth rate) formula which is causing negative updates in most years for physician fees.

While there are several more potential barriers to final enactment of a bill, the progress this past week advances the cause of reform to the point where most observers now believe it is more likely than not that a bill will pass and be signed into law by the President before the end of the year.