

Reps. Michaud & Pingree Support Health Reform Bill Enacted in the House

On Saturday evening, the prospects for comprehensive health reform improved with passage by the U.S. House of Representatives of the *Affordable Health Care for America Act* by a narrow 220-215 margin. The bill was supported by the AARP and the American Medical Association. Only one Republican voted for the bill and 39 Democrats voted against it. Both Maine representatives Chellie Pingree and Michael Michaud voted in favor of the bill. The Senate is expected to vote on its proposal in December or perhaps even as late as January.

The House bill would require nearly all Americans to obtain health insurance and would create a so-called "public option" as one choice they could make. The new public plan available through insurance exchanges would be set up and run by HHS. The proposal originally was going to pay physicians Medicare rates plus 5%, but the final version would let HHS negotiate rates with providers, a position favored by the AMA and other medical groups. While the passage of the bill in the House increases the likelihood of success, the inclusion in any final law of items such as the public option is unlikely because of significant opposition in the Senate.

In the Senate, Majority Leader Harry Reid (D-NV) is finalizing legislation merging the work of two committees and making other changes that have not yet been made public. Last week, Maine's senior Senator Olympia Snowe complained that the Senate process was now going on behind closed doors. If a bill is passed by the Senate, a conference committee would be established to work out differences in the bills. If an agreement is reached by a majority of that committee, the final bill would be voted upon by each body and if passed by both, sent on to the President for his signature. Probably the biggest barrier to ultimate passage is the need to achieve 60 votes in the Senate in order to overcome a threatened filibuster by Senate Republicans.

The MMA staff discussed the House bill several times with Rep. Michaud last week prior to the vote. Rep. Michaud had expressed concern about the impact on his House district of the proposed cuts to Medicare and Medicaid, totalling \$400 billion nationally over ten years. Ultimately, Rep. Michaud was satisfied that enough changes could be made in the bill to make it palatable. He also believes that CMS can make adjustments to certain formulas and policies that discriminate against Maine and other states that provide care to Medicaid and Medicare patients more efficiently than high cost states. These geographic variables have long been of concern to the MMA and the Maine Hospital Association.

The total cost of the bill is \$1.055 trillion, with a net cost of \$894 billion, factoring in penalties on individuals and employers who don't comply with the new requirements.

In addition to creating the so-called "public option" government-run insurance program, the House bill would bar insurers from denying coverage because of pre-existing conditions and set up "exchanges" where people could shop for coverage. This latter feature has been a major factor in Massachusetts's recent experience in covering more than 400,000 previously uninsured individuals.

The House bill pays for the expanded coverage by increasing income taxes on individuals making more than \$500,000 per year and on couples making more than \$1 million annually. There are also the Medicare and Medicaid cuts noted above and a new \$20 billion fee on medical device makers; \$13 billion from limiting contributions to flexible spending accounts, and sizable penalties paid by individuals and employers who don't obtain coverage. Individuals would have to purchase coverage which would be enforced through a tax-penalty of 2.5 % of income. People could apply for hardship waivers if coverage to them is deemed unaffordable. A similar process applies currently in Massachusetts. Employers would be required to provide insurance to their employees or pay a penalty of 8 % of payroll. Companies with payrolls under \$500,000 are exempt. Small businesses - those with 10 or fewer workers - get tax credits to help them provide coverage.

Individuals and families with annual income up to 400% of the federal poverty level, or \$88,000 for a family of four, would get sliding scale subsidies to help them buy coverage. The subsidies would begin in the year 2013.

You can find more information about the national health system reform debate on the AMA's web site at: <http://www.ama-assn.org/ama/pub/health-system-reform/house-passes-hsr-bill.shtml>.

You can also find more information about health system reform at a web site set up by the federal government at: <http://www.healthreform.gov/>.

MMA will continue to inform members and their staffs of the significant issues surrounding national health system reform, through the *Weekly Update* and *Maine Medicine*. We are always happy to receive input from our members on their thoughts regarding this complex issue. Feel free to communicate with President David McDermott, M.D., MPH at president@mainemed.com or the EVP Gordon Smith, Esq. at gsmith@mainemed.com.