

## Update on National Health System Reform Efforts

As efforts to pass comprehensive health system reform in Washington continue, MMA will continue to inform its members and their staffs of these efforts, and their potential impact on medical practices in Maine, through regular reports in this *Weekly Update* and in the bi-monthly *Maine Medicine*. Our reports are drawn from several sources, including the AMA, national specialty societies, the media and conversations with Maine's Congressional delegation and their staffs.

This past week, most of the focus was on the efforts in the U.S. House to finalize a house bill and to get it passed prior to the August recess. Efforts in the Senate continued as well, with the focus again being on the Senate Finance Committee and the efforts of the bi-partisan group of seven Senators, including Olympia Snowe, to agree on the details of a bill drafted under the guidance of Committee Chair Max Baucus.

The timetable for passage of a bill continues to be threatened by serious disagreement, even among Democrats, regarding both the "public option" and plans to pay for the reforms and the significant expansion of coverage. On the left, advocates want a strong government insurance option consumers could choose to buy into instead of private insurance, forcing private plans such as Anthem/Wellpoint to compete. But opponents believe that a government supported public option would eventually lead to the demise of private health insurance. While single payor advocates would welcome such a result, the majority of Americans who are not Medicare-eligible receive their coverage through employer-sponsored private plans.

The other issue emerging this week as a potential deal-breaker is the dilemma of how to pay for the reform plan which is likely to cost over \$1 trillion over the next ten years. Senior House Democrats settled this week on a proposal to cover a significant portion of the cost by raising income taxes on the highest earners. Married taxpayers earning more than \$350,000 a year in adjusted gross income and single filers making more than \$280,000 a year would pay a surtax of about 1 percent, generating as much as \$540 billion over the decade. The added tax would be higher, under the House plan, for people in higher income brackets.

Senate leaders have shown much less interest in a new income tax, and "Blue Dog" Democrats, including Mike Michaud, have expressed concern about a number of the provisions in the House bill. President Obama has proposed raising more than \$300 billion over 10 years by limiting the deductions that wealthy Americans take on their income taxes.

The "Blue Dogs" have also expressed concern that the proposed house bill does not do enough to reduce costs, protect small businesses or to improve access in rural areas. Boosting payments to rural health care providers is a priority for these moderate to conservative Democrats.

As efforts slowed and at times even the Democrats seemed in disarray, President Obama found it necessary to send a message from the G8 summit in Italy, insisting that health care reform legislation was still on track despite the difficult week. He also noted that he would be working in the next month to allay fears about the impact of the reform efforts.

"We have a long history in America of scaring people that they're going to lose their doctor, they're going to lose their health care plans, they're going to be stuck with some bureaucratic government system, that's not responsive to their needs," the President said. "And overcoming that fear, fear that is often actively promoted by special interests who profit from the existing system, is a challenge."

MMA will continue to advocate for responsible reforms that emphasize the need to cover all persons.