

Health Care Reform Debate Continues in D.C. as Congressional Committees Seek Progress Before August Recess

As indicated in last week's *Maine Medicine Weekly Update*, the 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 members of Maine's Congressional delegation and their staffs.

Last Friday, July 17th, the House Ways & Means Committee voted 23-18 in favor of H.R. 3200, the *America's Affordable Health Choices Act of 2009*. Three conservative Democrats joined all committee Republicans in opposing the bill. The American Medical Association (AMA) endorsed the bill. You can find the AMA's statements on this bill and other aspects of the health care reform debate in Washington on the AMA's web site at: <http://www.ama-assn.org/ama/pub/advocacy/current-topics-advocacy/health-system-reform/hsr-news-statements.shtml>.

In a memo to state and other medical societies dated July 16, 2009, the AMA's leadership outlined the AMA's views on H.R. 3200 as follows:

The AMA Board of Trustees believes that physicians and patients are not well served by the status quo and is committed to advancing long overdue health system reforms.

At the 2009 AMA Annual Meeting, we outlined the following definitions of success for health system reform legislation:

- *Expand affordable coverage*
- *Permanent repeal of the SGR*
- *Quality improvement vs. profiling*
- *Adequate physician payment*
- *Administrative simplification*
- *Medical liability reforms*
- *Empower physician practices with antitrust relief and breaking down existing silos*

The AMA House of Delegates also adopted new policy to "support health system reform alternatives that are consistent with the principles of pluralism, freedom of choice, freedom of practice, and universal access for patients."

Based on that guidance, the AMA Board of Trustees reviewed H.R. 3200, the America's Affordable Health Choices Act of 2009. The AMA Board determined that H.R. 3200 was consistent with AMA policy in the following respects:

- *According to the non-partisan Congressional Budget Office, it would provide health insurance coverage for nearly 97% of legal non-elderly U.S. residents.*

- *It includes essential health insurance market reforms such as eliminating coverage denials for pre-existing conditions.*
- *Medicaid eligibility would be expanded to all non-elderly adults and families up to 133% of the federal poverty level and payments for primary care services would be increased.*
- *A health insurance exchange would be established to provide choice of plans to uninsured, self-insured, and small business employees.*
- *Coverage for preventive services would be improved.*
- *It erases the SGR debt and substitutes more favorable expenditure targets for Medicare physician updates.*
- *Medicare primary care payments would be increased, without offsetting cuts in reimbursement for other physician services.*
- *Workforce investments would be made to address primary care shortages.*
- *Efficiency bonus payments would be provided for physicians in low-cost localities.*
- *Administrative simplifications would be implemented to reduce costs and hassle factors for physicians and patients.*

Further, H.R. 3200 provides substantial funding for the physician community in a difficult economic environment. The CBO estimated that the bill includes more than \$230 billion in positive investments for physicians with a breakdown as follows:

- *\$228.5 billion to eliminate the accumulated SGR cuts*
- *\$1.6 billion for PQRI quality reporting changes (bonus payments only, no penalties for non-reporting)*
- *\$5 billion for the primary care bonus*
- *\$1.8 billion for the medical home pilot*
- *\$1.3 billion to extend the floor on Medicare's geographic adjustment for physician work*

Although the bill as introduced does not include any medical liability reform, the AMA is working with a member of the Energy & Commerce Committee on a possible amendment to pilot alternative reforms such as health courts and safe harbors for physicians who adhere to best practice guidelines.

The Senate Health, Education, Labor & Pensions (HELP) Committee completed its mark-up on legislation that addresses many key issues. However, that Committee does not have jurisdiction over Medicare, Medicaid or revenue authority. The Senate Finance Committee is expected to publicly release a different framework for health reform legislation very soon.

The Senate Finance Committee framework is expected to include some of the elements mentioned above but is also expected to differ in key aspects. Additional changes will be considered during Senate floor debate.

H.R. 3200 could move to the House floor this week. The bill would subsidize those who are unable to afford coverage earning up to 400% of the FPL (\$43,000 for individuals and \$88,000 for a family of four). The individual mandate in the bill would penalize those who fail to obtain "adequate" coverage an amount equal to 2.5% of the excess of a taxpayer's adjusted gross income for the tax year. The CBO estimates these penalties to amount to \$29 billion over 10

years. It also includes an employer mandate, subjecting employers who do not offer health coverage to an assessment up to 8% of its payroll. The CBO estimates these penalties could amount to \$163 billion over 10 years.

On July 15th, the Senate HELP Committee voted 13-10 to report out its version of the Affordable Health Choices bill including both an employer mandate and a public insurance option.

In recent appearances before both the Senate Budget Committee and the House Ways & Means Committee, CBO Director Douglas Elmendorf told legislators that the current direction of the health care reform debate was unlikely to reduce costs to the federal government or to lower premiums for individuals.