

# The Struggle for Compromise

How health care reform is dividing Congress, businesses, and middle-class America.

BY STEPHEN DAILY, CONTRIBUTING EDITOR

After months of contentious, heated, and sometimes downright nasty debate, the Senate passed a far-reaching overhaul of the nation's health care system on Christmas Eve.

The debates included verbal attacks, delay tactics and even accusations of bribery. The results of the debates are of seismic importance to insurers, doctors, employers, and individuals alike.

Adding to the contentious environment in the Senate chamber was the strict partisan voting throughout the legislative sessions. The Senate amassed 60 votes in favor of the legislation five straight times in December, mirroring the allegiances of the Democratic and Republican caucuses. The voting breakdown was just enough to successfully shield against a Republican filibuster, and President Obama hailed it as "a big victory for the American people."

The Democrats charged the Republicans with needlessly throwing several procedural obstacles in their way, including filibusters, and putting the interest of pharmaceutical companies ahead of low-income families. Republicans, meanwhile, charged the Democrats with intentionally rushing to adopt the complex bill at odd hours of the night, and accused Senate Majority Leader Henry Reid (D, Nevada) of "vote buying" by making last-minute changes to appease certain senators, including Ben Nelson, US Senator from Nebraska, who was previously opposed to the legislation.

Now, the 10-year, \$871 billion package that represents

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the country's largest restructuring of health care in decades heads back to the House, where it must be reconciled with the House bill that was adopted in November. Blending the two versions together will be no easy task, however, as there are substantial differences between the two. The House measure, for example, includes a government-run health insurance plan or public option that was dropped from the Senate bill.

Although there are literally hundreds of components to the proposed legislation, at the crux of the matter is the push to extend health benefits to about 31 million people who are currently uninsured.

The Senate bill would require nearly all Americans to obtain health insurance by 2014 or pay financial penalties for failing to do so, and the bill would provide federal subsidies to help moderate-income Americans buy private coverage.

About half of the individuals who would gain coverage would do so through a broad expansion of

Medicaid, the federal-state insurance program for low-income Americans, and growth in the Children's Health Insurance Program. Those making less than \$43,320 a year and a family of three earning less than \$73,240

would be eligible for subsidies of between 88% and 99% depending on income bracket.

To pay for the coverage, the bill would impose new

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## HEALTH CARE REFORM TIMELINE

**June 2009—Momentum Grows:** Five months after President Obama's inauguration, health care dominates the domestic agenda in Washington. While the president takes his case to the medical industry and the public, Congressional leaders draft legislation and prepare for a summer of debate.

**July 14—"America's Affordable Health Choices Act":** House Democratic leaders introduce a bill that would expand health coverage, rein in the growth of Medicare, and raise taxes on high-income Americans.

**July 15—Senate Panel Approves Bill:** Voting along strict party lines, the Senate Health, Education, Labor and Pensions Committee approves a health bill 13 to 10. It requires Americans to obtain health insurance and establishes a new government insurance plan.

**July 22—Making the Case to the Public:** President Obama tries to rally public support for overhauling the health care system with a prime-time news conference.

**July 23—A Serious Setback:** Senate Majority Leader Harry Reid (D, Nevada) says his chamber will not vote on a health measure until after Congress returns from its summer recess.

**August—Health Debate Turns Hostile:** The bitter divisions over the overhaul explode at town-hall style meetings as members of Congress are shouted down, hanged in effigy, and taunted by crowds.

**August 17—Alternate Plan Muddies Debate:** The White House indicates that it could accept a nonprofit health care cooperative as an alternative to a new government insurance plan, but the move sparks contentious debate in the Democratic Party over the merits of a public plan versus co-ops.

**September 16—Baucus Releases Senate Proposal:** The long-wrangled-over proposal by the Senate Finance Committee is released. The 223-page proposal is the result of more than a year of preparation by Sen. Max Baucus (D, Montana).

**September 29—Finance Panel Rejects Public Option:** The Senate Finance Committee, the last crucial panel debating health care legislation, rejects two Democratic proposals to create a government insurance plan to compete with private insurers.

**October 29—House Bill:** At an outdoor rally, House Democratic leaders unveil the 1,990-page measure, a combination of bills approved by three separate House committees over the summer. The bill would cost \$1.05 trillion over 10 years and provide coverage to 36 million people.

**November 3 —A Republican Alternative:** Republicans

present their own health care proposal, which would reward states for reducing the number of uninsured, limit damages in medical malpractice lawsuits, and allow small businesses to band together and buy insurance exempt from most state regulation.

**November 7—House Passage:** The health care overhaul bill passes in the House by a vote of 220 to 215. The House also defeats the Republicans' more modest plan, the authors of which say it was a more common-sense and fiscally responsible approach.

**November 18—Senate Bill:** Democratic leaders in the Senate unveil their proposal for overhauling the health care system, outlining legislation that they say would extend coverage to 31 million people who currently do not have any. Supporters say that despite a price tag of \$848 billion over 10 years, the bill would reduce projected budget deficits by \$130 billion over a decade.

**November 21—First Senate Hurdle:** Intense efforts to persuade three moderate Democrats—Senators Ben Nelson from Nebraska, Blanche Lincoln from Arkansas, and Mary L. Landrieu from Louisiana—bear fruit, giving Democratic leaders the 60 votes they need to begin debating the measure.

**December 8—Deal Reached Over Public Option:** Senate Majority Leader Harry Reid says that he and a group of 10 Democratic senators have reached "a broad agreement" to resolve a dispute over a proposed government-run insurance plan, the biggest obstacle to passage of the health care legislation. Under the agreement, people aged 55 to 64 years could "buy in" to Medicare, and a federal agency would negotiate with insurance companies to offer national health benefit plans.

**December 19—60 votes:** As the Senate convenes in a blizzard, Democratic leaders hail a breakthrough that comes when Sen. Ben Nelson agrees to back the bill after 13 hours of negotiations, making him the pivotal 60th vote for the measure. To secure Nelson's vote, the legislation now includes a proposal that would limit insurance coverage of abortion.

**December 21—Key Test Passes:** Shortly after 1 AM, the Senate votes along party lines to cut off a Republican filibuster of a package.

**December 24—Senate Bill Passes:** After several months of back-and-forth debate, maneuvering, and concessions, the Senate receives the 60 votes needed to pass the Health Care Reform bill.

Source: The New York Times

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fees and taxes, including an increase in the Medicare payroll tax for individuals earning more than \$200,000 and families earning more than \$250,000 and a 40% excise tax on high-cost insurance policies—plans that cost \$8,500 for individuals and \$23,000 for families.

The bill also calls for major reductions in government spending to be achieved by slowing the growth of Medicare. The nonpartisan Congressional Budget Office said the \$871 billion cost of the bill would be more than offset by the new revenues and cuts in spending. As a result, the federal deficit would be cut by \$132 billion between 2010 and 2019.

Days before the Senate bill was passed, Senate Democrats got a lift when the American Medical Association endorsed their legislation after sitting on the fence for months. Cecil Wilson, MD, president-elect of the American Medical Association, attributed the group's support to the so-called "manager's amendment" crafted by Reid that eliminated many features doctors opposed. Proposals dropped from the final version included

- A public health insurance option that would have paid doctors at rates similar to Medicare
- A temporary fix for physicians' Medicare reimbursement rates (there will be a separate bill by March)
- A requirement that doctors pay a small annual fee to see Medicare patients
- A proposed tax on elective plastic surgery

Also throwing its weight behind the amended bill, the AARP (formerly known as the American Association of Retired Persons) said in a news release that the Senate bill makes progress toward ending the rampant discriminatory tactics used by insurers to deny coverage to those who need it most.

Plenty of opposition to the bill remains, including from unions, the US Chamber of Commerce and the Small Business & Entrepreneurship Council, a nonprofit, nonpartisan small business advocacy group. Specifically, the council points to the rising Medicare payroll tax for small businesses and accuses the bill of targeting the construction industry, which is not exempt from the "play-or-pay" employer mandate from which other firms with 50 or fewer employees are exempt. Under the Senate bill, most businesses with fewer than 50 workers would be exempt from penalties if they do not offer employee coverage. Larger companies would face fines as high as \$750 per worker if even one employee seeks federal help to buy a policy.

Now that the holiday break has given both Republican and Democratic senators a breather from the back-and-forth banter of heated congressional

debates, a long row still must be hoed before a bill is presented to the President to be signed.

**"A main area of contention in the upcoming House-Senate negotiations will focus on abortion, an issue in which the Senate and House versions of the bill differ greatly."**

Joint House-Senate negotiations are set to begin this month, and several key issues will have to be ironed out. A major area of contention in the upcoming negotiations will focus on abortion, an issue on which the Senate and House versions of the bill differ greatly. The House bill bans insurers from offering coverage for abortions to any American who receives any federal insurance subsidies. Under the Senate bill, women who receive a subsidy for policies that cover abortion could keep that coverage but must pay into a separate account for the abortion coverage. House Speaker Nancy Pelosi (D, California) and other leaders will have to craft a version to satisfy the House, without shaking the 60-vote tightrope needed to get the legislation through the Senate.

In addition to the abortion issue, there are differences in the House and Senate bills concerning how to pay for the expansion of insurance coverage and the penalties for not buying insurance. Whereas the Senate bill would tax high-cost employer-sponsored health plans and increase the Medicare payroll tax for individuals earning more than \$200,000 and families earning more than \$250,000 per year, the House bill would impose a 5.4% tax on couples earning more than \$1 million a year and \$500,000 for individuals.

Another area of contention is the Senate's proposed excise tax of so-called Cadillac health plans. Many House Democrats have joined their Republican colleagues in opposition of such a tax, which they say would hurt their main political backers—unions. Instead, the House version focuses more on taxing millionaires.

Both the House and Senate bills prevent insurance companies from denying coverage for preexisting conditions or charging higher premiums based on a person's sex or medical history. ■

*To read a side-by-side comparison of the House and Senate bills, visit <http://www.kff.org/healthreform/sidebyside.cfm>.*