



Cavarocchi-Ruscio-Dennis Associates

Health Policy Report

January 5, 2009

Happy New Year!

Happy New Congress!

Happy New Administration!

2009: A LEGISLATIVE OVERVIEW

The 44th president and the 111th Congress are entering office amid a global economic crisis and troubling concerns about America's capacity to safeguard its own future prosperity. Anxiety over the cost and availability of health care, wildly fluctuating energy prices and rising unemployment rates dominate conversations around kitchen tables and conference tables alike.

If history is any lesson, the choices President-elect Obama faces in many ways resemble those that faced former President Clinton when he took office in 1992, another time of recession and rising deficits. Clinton had promised a middle-class tax cut, national health reform and a major investment in infrastructure to stimulate the economy. The tax cut and infrastructure spending were shelved; health care reform was postponed for two years and later died. Clinton instead focused on reducing the federal deficit.

Health Care Reform: Going Public?

Because it is now viewed as an integral part of the nation's economic recovery, health care reform remains a top-tier priority, both in the incoming Obama administration and in Congress. But comprehensive health care reform will take time, perhaps another year or more, to achieve. While congressional committees examine how best to approach reform and seek consensus, actual debate on any legislation will likely take a back-seat until work on some more pressing health-related issues is completed, like reauthorizing the expiring State Children's Health Insurance Program (SCHIP), averting a planned 20 percent cut in Medicare physician reimbursement and enacting health information technology (HIT) legislation. SCHIP and HIT may be part of the economic stimulus bill, expected to be introduced tomorrow, but more on that later.

President-elect Obama, in the meantime, has nominated former Senator Tom Daschle (D-SD) to head the Department of Health and Human Services and serve as his point man on health reform. His 2008 book, entitled "*Critical: What We Can Do About the Health-Care Crisis*," counsels that burdensome cost is the best issue to drive reform, followed closely by expanding insurance coverage. Daschle's plan for addressing those issues is not new: Expand Medicare and Medicaid to cover more people who are old or poor, and create a new program that would give all American's the option to purchase the same insurance offered to federal employees. Daschle also endorses requiring all Americans to purchase coverage, something the president-elect has insisted is not a necessary condition for reform.

To address the tricky issue of reducing costs, Daschle proposes creating a Federal Health Board, modeled on the Federal Reserve Board, with sweeping powers to regulate the entire health care sector, thus relieving Congress of tough decisions about which treatments government programs should cover. This recommendation will be highly controversial and will be portrayed by opponents as a federal takeover of healthcare.

In the meantime, some powerful forces in Congress continue to work behind the scenes to make health care reform a priority. Since August, Senator Edward M. Kennedy's (D-MA) staff has been meeting with stakeholders from business, labor and the health provider community. Recently, he deputized three of his colleagues to help create a workable overhaul plan—Senator Tom Harkin (D-IA) will focus on prevention, Senator Jeff Bingaman (D-NM) will oversee insurance coverage and Senator Barbara Mikulski (D-MD) will concentrate on health care quality.

In addition, Senate Finance Committee Chairman Max Baucus (D-MT) has unveiled a 104-page blueprint, entitled "*Call to Action, Health Reform 2009*,"

which contains proposals to create a health insurance exchange to help connect individuals and employers to insurance providers, and to expand Medicare, Medicaid and SCHIP.

A number of other key players have yet to weigh in, including senior Republicans Senator Charles Grassley (R-IA) of the Senate Finance Committee and Rep. Dave Camp (R-MI), the new ranking member on House Ways and Means. Other important voices in the debate will be Energy and Commerce health subcommittee chairman Frank Pallone (D-NJ), the full committee chairman Henry Waxman (D-CA) and outgoing chairman John Dingell (D-MI), whose exact role has yet to be determined. But another powerful voice in Congress, Rep. Fortney Pete Stark (D-CA), is convinced that any reform package Congress considers will include a public health insurance option—a view shared by Obama, Daschle, Baucus and Kennedy, but strongly opposed by Republicans.

A public plan would be similar to conventional Medicare in that it would be managed by the federal government and pay private insurers to deliver care. Rather than make it universal, the idea is to create a hybrid approach that builds on the best elements of the current system—large group plans in the public and private sectors—while putting in place a means for those without employer-sponsored coverage to choose from a menu of public plans.

Opponents, including the health insurance industry, argue that private plans would not be able to compete with a public plan option because the federal government would set the rules for competition. They contend that Medicare and Medicaid underpay hospitals and physicians, leading to cost-shifting and higher costs for private insurance coverage. Another government-run plan, they argue, would underfund providers, leaving employer-sponsored private plans to pick up the slack and ultimately have to raise premiums.

On the Rest of the Agenda

After moving quickly on a stimulus package (current estimates are six weeks to complete), lawmakers will turn their attention to agenda items that have been blocked repeatedly by the Bush administration, including some initiatives that already enjoy some bipartisan support and can pass quickly. Last year, Congress only passed fiscal year 2009 spending bills for Defense, Veterans Affairs and Homeland Security. So one of the first priorities will be completing work on nine appropriations bills that never reached President Bush's desk, forcing most federal departments and agencies to operate at fiscal year 2008 levels through March 6, 2009. To that end, congressional staff spent a good part of December behind closed-doors, attempting to iron out a compromise on the unfinished spending bills. The results would be packaged

into an omnibus appropriations bill that will have to be considered before March 6.

Other SGIM priorities – Title VII reauthorization, comparative effectiveness research, full funding for Clinical and Translational Science Awards, etc. – could be addressed in the economic stimulus bill, in healthcare reform, in the FY09 or FY10 appropriations bills, or as free standing legislation.

All in all, we are looking at a full agenda, one that will necessitate the Council-driven imperative that every SGIM member be an advocate for your patients, for general internal medicine, and for the healthcare needs of the country.

Health Policy Executive Committee Contact Information

Bill Moran, HPC Chair	moranw@musc.edu
Laura Sessums, HPC Co-Chair	laura.sessums@us.army.mil
Nancy Rigotti, Council Liaison	nrigotti@partners.org
Preston Reynolds, Chair, Education Sub.	pprestonreynolds@comcast.net
Harry Selker, Chair, Research Sub.	hselker@tufts-nemc.org
John Goodson, Chair, Clinical Practice Sub.	jgoodson1@partners.org
Patty Harris, Chair, Member Devel. Sub.	patricia.f.harris@medstar.net
Francine Jetton, SGIM Staff	jettonf@sgim.org
Lyle Dennis, CRD Associates	ldennis@dc-crd.com
Dom Ruscio, CRD Associates	druscio@dc-crd.com
Erika Miller, CRD Associates	emiller@dc-crd.com

To volunteer to serve on the HPC and its subcommittees, please contact anyone listed above.