



Healthcare Reform Update

SSAHU

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Current Status of Reform Efforts

- House passed H.R. 3692 by a margin of 220-215 in November
- Senate passed H.R. 3590 by a vote of 60-39 on December 24th
- House and Senate have been in negotiations to merge their bills
- Win by Scott Brown in MA Senate Special Election on January 19 eliminates Senate Democrat's super-majority and changes the whole health care reform equation



What Will The Democrats Do Next?

Will they attempt to employ the “nuclear” option and pass the legislation along with a “fix bill” in the Senate under budget reconciliation rules?

Obstacles include:

- House Democrats want the fix guaranteed first, but only provisions directly related to the federal budget can be considered under these rules. Many of provisions critical to secure House votes could be stricken.
- Leader Reid needs 60 votes to override the ruling of the parliamentarian on any issue that’s stricken and any Senator can challenge a provision at any time.
- Legal question of whether or not the fix bill could even come first—you can’t amend legislation that hasn’t been signed into law yet!
- A number of Democrats, including Senators Byrd, Bayh and Lincoln, are publicly opposed to the option.
- Current political climate—this option seems to ignore the will of the American people.



What Will the Democrats Do Next?

Will they try and pick-off a Republican Senator?

- Obstacles Include:
 - Likely GOP targets like Senators Olympia Snowe and Susan Collins of Maine have stated in recent days they will not go at it alone
 - MA situation has strengthened GOP's hold on its members and resolve for true bipartisan negotiations.



What Will the Democrats Do Next?

Will they pivot to a jobs bill and try to include some health insurance reforms in that?

- Obstacles include:
 - Admission of political defeat/loss of capital
 - Need to agree on what those provisions would be
 - Still will need 60 votes in Senate
 - Still need to deal with the 2010 election/concerns of politically vulnerable Democrats in House and Senate
 - Will GOP hand Obama and Democrats a limited victory before the 2010 election?

What Will the Democrats Do Next?

Will they take up just the most popular insurance market reform ideas and break the package into smaller, easier-to-digest and easier-to-sell chunks, which may be pursued along partisan or bipartisan lines?

- Obstacles include:
 - Do they even have agreement on these items?
 - Potential either side will over-reach
 - Still will need 60 votes in Senate
 - Still need to deal with the 2010 election/concerns of politically vulnerable Democrats in House and Senate

What Will the Democrats Do Next?

Will they reopen actual bipartisan negotiations by reconvening the “Gang of Six” or trying to engage the GOP another way?

- Obstacles Include:
 - Admission of political defeat/loss of political capital
 - Obama has been reluctant to move back to the political center in the past
 - Still need to deal with the 2010 election/concerns of politically vulnerable Democrats in House and Senate
 - Will GOP hand Obama and Democrats a limited victory before the 2010 election?



Confused? Everyone Is!

*Headlines From Major Media Outlets on Health Reform
All Published Within Hours of One Another on Jan 27th*

Reuters: Democrat Reid says "no rush" on health bill

Hill: Hoyer: Democrats need health reform game plan in place soon

Bloomberg: Hoyer Sees Obama Pushing for Comprehensive Health-Care Overhaul

Fox: Hoyer Expects Obama to Focus on Jobs, Not Health Care in State of the Union

CNN: Moderate Dems reject reconciliation to pass health care

Roll Call: Reconciliation gaining steam

Politico: Dem impasse on health bill continues

Dow Jones: US House Democrats Mull Fast-Track Option For Health Bill

State of the Union Didn't Provide Clear Direction

- Obama's focus was on health *insurance* reform—not cost containment or other delivery system reforms
- Did not clearly indicate a path forward—just a desire not to give up on health care
- Asked for renewed consideration of bills on the table, but directly asked for better ideas to be brought to him too
- Placed jobs bill at the top of the legislative priority list



Going Forward

- Even though the dynamic has changed significantly, we still have two bills on the table
- Responsible bipartisan reform, that brings down the cost of medical care and makes needed improvements to our system is still necessary
- We need to keep in mind what is in the current bills, what may still pass, what could impact our clients, what our responsible reform goals are and what we hope to change

Key Issues with Current Bills

- Minimum Loss Ratio Requirements
- Structure of the Exchanges
- Agent-Broker Language needs to be clarified
- Regulatory authority overall

Additional Key Issues

- Personal responsibility requirements/individual mandate
- Market Reforms (GI, Rating, Pre-Ex, Mandates, etc.)
- Financing
- Insurance pooling requirements
- Public Option
- Employer Mandate
- Threats to ERISA
- Lack of Cost Containment

If Something Does Pass Quickly- What is effective right away?

- House provisions would take effect immediately upon enactment and Senate bill allows for six month transition.
- Immediate reforms in both bills include:
 - No lifetime limits on health plan coverage
 - Raises the age of a dependent for health plan coverage to 26 (Senate) and 27 (House)
 - Restricts rescissions of health plan coverage in all insurance markets
 - Federal review of health insurance premium rates
 - Minimum loss ratio requirements for insurers in all markets
 - High-risk pool coverage for people who cannot obtain current individual coverage due to preexisting conditions
 - Creates a temporary reinsurance program for employer health plans providing coverage for non-Medicare eligible retirees aged 55-64 and their families.

House Bill - Effective Immediately

- Mandated coverage of reconstructive surgery for children with congenital or developmental deformities
- Eliminates preexisting exclusions based on conditions resulting from domestic violence
- COBRA coverage time-frames would be eliminated until the Health Insurance Exchange became operational

Senate Bill-Effective in Six Months

- Mandated coverage of specific preventive services with no cost sharing
- Annual benefit limits on coverage would be limited to DHHS-defined non-essential benefits
- Mandated coverage of emergency services at in-network level regardless of provider
- Allows enrollees to designate any in-network provider as their primary care doctor
- Prohibits discrimination in coverage or premium based on salary
- Requires plans to have coverage appeals processes
- Requires that a summary of coverage be provided to applicants and enrollees
- Tax credits would be made available for qualified small employer contributions to purchase coverage for employees. Would apply to small employers with fewer than 25 employees and average annual wages of less than \$40K

What Takes Effect in 2013 or 2014?

- Guarantee Issue/No Pre-Ex for All Markets
- Rating Restrictions for Individual and Fully Insured Plans
- Qualified benefit requirements begin (mandates/cost-sharing limitations/actuarial values)
- Exchanges Become Operational
- Subsidies Become Effective
- Medicaid Expansion (133% FPL Senate; 150% FPL House)
- CHIP ends and beneficiaries get coverage through the Exchange (House)
- Individual and Employer mandates effective
- Employer reporting, enrollment, and other requirements start
- Wellness program improvement allowed (Senate)

NAHU's Goals For Bipartisan Reform

- **An American Solution—NAHU's Vision for Affordable and Responsible Health Reform**
 - **Cost Containment**
 - **Preserved Role for Agents, Brokers and Consultants**
 - **Reasonable reform of the individual and small group market**
 - **Reasonable tax credits/subsidies/Medicaid expansion**
 - **Greater Personal Responsibility**
 - **No public plan, no employer mandate**
 - **No CLASS Act, no MA cuts**
 - **Responsible financing that encourages good health, not financing reform on the backs of those who already have private coverage**

Continue to Make Your Voice Heard!

- Now is not the time to stop our grassroots activity—it's the time to ramp it up!!!
 - GRIP Program
 - HUPAC Distributions
 - Phone calls, letters, emails
 - Consumer/Employer Outreach
 - Social Media
 - Op-Eds and Letters to the Editor
 - Media Outreach
 - Capital Conference



2010 Elections

- Mid Term Elections set for November 2010
 - All 435 House Seats
 - 1/3 of Senate Seats
 - Including Senators Reid, Lincoln, Bayh
 - 37 Governor's Races
 - Republicans lead 43% to the Democrats' 40% on generic ballot in Public Policy Polling survey
 - If Democrats pass health care bill will you vote Democratic or Republican for Congress this fall? The result: Republicans 45%, Democrats 41%



Conclusion

- Passing legislation will be difficult, but Administration and congressional leadership have not abandoned the issue
- Will Democrats in the House support a watered-down Senate bill?
- Is reconciliation a viable option?
- What will the Obama Administration accept and what kind of pressure will be brought to bear?

Conclusion

- With so much political capital invested, can leadership turn back or start from scratch?
- What are the upside gains and downside risks of passing a bill?
- Final bill will surely be less ambitious than was originally introduced
- Reforms are needed, but reform must be done right.



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