

A make or break week coming up

It was a busy weekend in Washington. During a rare weekend session of Congress, President Obama met with Democrats just off the Senate floor on Sunday to boost momentum for an historic healthcare reform that requires every one of their votes.

The president stuck to inspirational themes. He did not take questions or set a timetable. Nor did he propose how the 60-member Democratic caucus should resolve with the issues that most divide them: funding of abortion and a public option. But Democratic senators hinted at a softening of hard lines within the caucus, which could lead to new options for a compromise on both issues. There is hope that Obama's address will lend fresh momentum on the eve of what could prove to be a make-or-break week.

Senators huddled on the second floor of the Capitol late Sunday, scrambling to come up with a new compromise regarding the public option--the public health insurance plan modeled after Medicare that will be offered within the new health insurance exchange to Americans who lack workplace health insurance (and to workers in small firms that decide to buy coverage through the exchange).

The goal of the current effort is simple: to get sixty votes to overcome a filibuster and pass this provision, and then the bill. The public option in the Senate bill, it should be emphasized, is a compromise of a compromise already. The first compromise was to have the public plan negotiate its rates directly with providers, rather than set them based on Medicare's rates. This compromise meant that the Congressional Budget Office (CBO) does not score the public plan as producing the huge savings that it projected for a plan that used Medicare-based rates.

The second compromise was to allow states that did not want to have the public plan operating within their borders to "opt out" with the passage of a state law. How many states will take advantage of this option is unclear, but it's certain to reduce the impact of the public plan even further. Indeed, the CBO is now projecting that only a few million Americans will enroll in the public plan.

Yet none of this has apparently appeased the handful of hold-outs. A proposal that seems strange, but is gaining currency, is to offer the nonprofit plans available in the Federal Employees Health Benefit Plan (FEHBP) within the exchange. Since the FEHBP is itself a form of exchange, this amounts to offering a new set of private plans within a new set of private plans. It's not clear how this arrangement would provide real pressure on private insurers in a consolidated insurance market in which nonprofit plans already have a large presence and often act little differently from for-profit plans.

Menzies Centre ^{for} Health Policy



The University of Sydney

Later today, Senator Ben Nelson is expected to offer an amendment with more restrictive abortion language, along the lines of the Stupak amendment that passed the House. It isn't expected to pass and the defeat of this amendment will be politically significant because Nelson has pledged to vote with Republicans to filibuster the health bill if it does not include the Stupak language, which would restrict women who receive federal subsidies from buying abortion coverage on insurance exchanges set up by the government. Without Nelson, Democrats would need to pick up a Republican - most likely one or both of the Maine senators Olympia Snowe and Susan Collins - to pass the bill through the Senate.

Also today the Center for American Progress and the Commonwealth Fund released a joint report (<http://www.commonwealthfund.org/Content/Publications/Issue-Briefs/2009/Dec/Why-Health-Reform-Will-Bend-the-Cost-Curve.aspx>) that shows that the cost-containing impacts of the Senate and House reform proposals would be even greater than analyses have shown to date. By taking into account the implications of important research not reflected in previous analyses by CBO and the Centers for Medicare and Medicaid Services, the new report estimates that the Senate health reform proposal will result in total savings of \$2,500 on health care spending for the typical family by 2019; deficit reduction of up to \$409 billion over ten years (approximately \$280 billion more than CBO estimates); and Medicare savings of \$576 billion (nearly \$200 billion more than CBO estimates). The report reaches similar conclusions about the House bill.

Senate Members will be weary today, as many were out late at the Kennedy Center Honors celebration. Your correspondent was also there. I have to say that the highlight was Sting's appearance to honour Bruce Springsteen!