



COMMUNITY CATALYST

*Building Consumer and Community
Participation in the Shaping of Our Health System*

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Recess Update: What you're not seeing

While the confrontations at town hall meetings have captured the attention of the media, what you're not seeing or hearing about are the dozens of convenings without the shouting matches, or the thousands of activists who are hard at work over the recess educating their communities about the benefits of reform, hosting house meetings, call-in days, petition drives and more.

On second thought...

Many people were disappointed that the Senate Finance Committee did not complete their negotiations before the summer recess. But today, with a right-wing disinformation campaign pounding away at health reform, it appears that the slower pace of the Finance Committee has become a blessing in disguise for several reasons.

First, the task of promoting the positive elements of health reform would have been complicated if SFC had released a bill that progressives could not embrace (which seems possible – even likely – based on rumors that have circulated about the committee's deliberations). Secondly, a Finance proposal that emerges after the recess has the potential to reboot the debate, giving Senate leaders an opportunity to promote a reform package that doesn't have the features that have attracted the most attacks.

The mysterious Mr. Grassley

What is Chuck Grassley doing? Will he ever sign on to a deal? His comments lately have made us wonder if he even knows himself. In recent events, Sen. Grassley declined to forthrightly address the misinformation about "death panels" and also spuriously raised the issue of coverage for

illegal immigrants, despite the fact that all of the legislation on the table clearly says that illegal immigrants are not covered. This lack of candor certainly raises questions about the Senator's intent. On the other hand, sources in the administration and Senate Finance Committee insist that Sen. Grassley is committed and working hard and in good faith.

Perhaps his final decision rests more on a political calculus than real issues. Republican negotiators may feel less pressure to reach agreement if they believe that the protests during the recess have undermined public support for reform. On the other hand, if the public sees the town hall disruptions for the stunts they are and a real possibility exists for Democrats to move a bill through reconciliation, at least some Republicans will prefer to shape the reform, rather than wage an ultimately unsuccessful effort to kill it.

Checking in on the reform landscape

With both branches of Congress on recess for the next few weeks, it seems like a good time to check in on the key issues and players that will drive the debate when they return.

The Issues

Affordability breaks through as a key issue

Community Catalyst has long maintained that making coverage and care affordable for low- and moderate-income families is of central importance to the entire reform venture. As rumors circulate about the progress of negotiations among Senate Finance's "Group of Six," many advocacy groups, Senate Democrats and Sen. Olympia Snowe are growing concerned that reform will come up short on affordability.

Public plan

In the aftermath of the Sunday morning talk-show circuit, [headlines are awash](#) with word that the White House is backing off its insistence on a public plan option, though the administration maintains that the provision is still an important piece of its health reform vision.

Compromises are on the table, but they may not satisfy anyone. Both the HELP and Energy and Commerce Committees now have proposals that would allow the public insurance plan to negotiate rates with providers, with a backstop that rates be no higher than typical private insurance rates. As we noted last week, the CBO has projected that far from crowding out private insurers, the public plan as it's currently designed will enroll approximately 10 million people, most of whom are currently uninsured.

Proponents of the public option are concerned that it has been hamstrung, and as a result, will fail to exert downward pressure on health care costs. Opponents still argue that the pressure to tilt the playing field in favor of the public plan will grow over time. The question is whether House Blue Dogs, many of whom only wanted the public plan as a fallback option, and House progressives, many of whom have vowed not to support a bill without a strong public plan, can come together beyond the Energy and Commerce Committee.

Employer contribution

Three different approaches to the employer portion of “shared responsibility” are now on the table. The HELP Committee is proposing an arrangement similar to the one in Massachusetts, where employers who do not insure their workers pay a flat fee of \$750 per full time worker to help offset the cost of subsidized coverage. The House proposes a payroll tax that slides based on a firm’s payroll with a ceiling of 8 percent of payroll.

Meanwhile, Senate Finance negotiators appear to be leaning toward a “free rider” penalty that would not require employers to offer or contribute toward coverage, but would require them to contribute to the cost of subsidies (and possibly Medicaid coverage) received by their workers. [Many questions](#) have been raised about this approach.

One is the way such a provision would work with other parts of the legislation, specifically provisions that don’t allow workers to access subsidized coverage if their employer offers coverage. This combination, often called a firewall with a free rider penalty, could create incentive for employers that don’t provide insurance now to offer their workers minimal coverage, blocking the workers from accessing subsidies and ducking the free rider surcharge.

Financing

As we have said here often, financing remains the most fundamental challenge, and significant differences have emerged between the House and Senate.

The House proposes to finance health reform largely with a tax increase on the wealthiest Americans, an approach that has broad public support. In the Senate, some type of change in the tax treatment of health benefits appears more likely. But reports indicate that in order to blunt criticism of the unpopular change, SFC negotiators have scaled back its size, a move that may jeopardize the affordability protections in the yet-to-emerge Finance bill.

The players

President

It's all health care, all the time at the White House these days, or as close as any administration can come to a singular focus given all they have to deal with. President Obama and administration officials such as HHS Secretary Sebelius are [fully engaged](#) in both public events and private negotiations.

House

House leadership is engaged in a delicate balancing act. The compromise hammered out in Energy and Commerce is not entirely satisfactory to either progressives or conservatives. Keeping enough of both camps on board is essential, since there are no Republican votes for reform in the House. Speaker Pelosi and Majority Leader Hoyer have shown themselves adept vote counters and skilled consensus builders. The Insider is betting they will successfully broker a deal.

Senate

Democratic Senators both on and off the Finance Committee appear increasingly unhappy as talks drag on with the Group of Six negotiators on Finance and bits and pieces of information trickle out. Some believe that at the end of the day, the price extracted by Sens. Grassley and Enzi (and perhaps others) to obtain their support will be too high, costing more Democratic votes than it will secure in Republican support (as well as making conference with the House more difficult).

Though Senate Majority Leader Reid and Finance Chair Baucus are far from giving up on a bipartisan plan, the clock is ticking. Democratic Senators have begun to openly explore alternatives to a bipartisan agreement from SFC, such as a way to get to 60 votes without the Republicans, or the possibilities of using the budget reconciliation process to bypass a filibuster.

Providers

A number of physician organizations (including the AMA) have explicitly endorsed at least some version of reform, and some, such as the American Academy of Family Physicians, are actively campaigning for passage – [check out their video](#).

Hospitals have also come to the table, agreeing to a specific package of cost savings with Senate and administration negotiators.

PhRMA

The drug industry was the first major health industry group to strike a deal and get on board, and it is spending real money to support health care reform. What agreement was made to get them there is the topic of speculation and debate right now. But maybe the bigger question is whether the industry will remain committed even as the House and Senate both look for more ways to trim costs and consider additional drug-related savings.

Governors

The governors' main concern seems to be that states not get stuck with an unfunded federal mandate to expand Medicaid. With that in mind, they can hardly be reassured by the E&C agreement, which pulled back from full federal funding of the Medicaid expansion. The governors' will be closely watching the deliberations in SFC, where the plan will likely assign a larger share of the Medicaid responsibility to the states.

Employers

Employers remain perhaps the most divided of the major organized stakeholders. Although traditional opponents of health reform, such as the National Federation of Independent Business, remain so, many voices belonging to both small and large employers (yep, we're talking about WalMart) have emerged in support.

Insurers—the cheese stands alone

In any self-assessment, insurers count themselves among reform's constant supporters, but their priorities put them at odds with most proponents, and have made them targets for attack by activists, the administration and Congressional Democrats. To be sure, part of this is poll-driven. Insurers are less popular with the public than, say, hospitals or doctors.

But taking a stance opposite the insurers isn't just a messaging strategy for consumer advocates and progressives. Indeed, these groups' priorities are fundamentally different than the insurers' on issues like age rating (insurers want more of it), comprehensive benefits (they want less), and penalties for failure to purchase insurance (they want a strict mandate and high penalties for non-compliance).

Massachusetts reform has proven that private insurers can survive and thrive with policies that are more consumer-friendly, but nationally, insurers still seem to be clinging to a business model that would allow them to avoid risk rather than manage it.

National Reform's Vacation

The Insider will be taking a much-deserved vacation for the next two weeks, and will resume Sept. 7. In the meantime, we hope you'll continue the good work of preparing your advocates for the September push, and reminding your members of Congress what an important thing they can do in supporting health reform with a send-off call or event.

If you haven't already, be sure to check out our [Recess Pack](#) and [Community Reorganizing](#) for more ideas on how to support reform now, and we'll see you in September.



Community Catalyst is a national non-profit advocacy organization dedicated to making quality, affordable health care accessible to everyone. Since 1997, Community Catalyst has worked to build consumer and community leadership to transform the American health system. With the belief that this transformation will happen when consumers are fully engaged and have an organized voice, Community Catalyst works in partnership with national, state and local consumer organizations, policymakers, and foundations, providing leadership and support to change the health care system so it serves everyone - especially vulnerable members of society. www.communitycatalyst.org.
