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Federal Health Care Reform A Snapshot of Progress

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Ruth Ehresman, Director of Health and Budgetary Policy

While many eyes were fixed on the health care debates in the Missouri legislature over the past months, serious work to achieve health care reform continues by both House and Senate Committees in Washington DC. At this point, there are many more questions than answers about how to insure every American. This brief summarizes key issues that are being discussed, identifies some key unanswered questions, and provides a time line for Congressional action.

The process in Congress is complex. Three House Committees are considering parts of health care reform: Energy and Commerce; Ways & Means; and Education & Workforce. The Senate Finance and Health, Education, Labor & Pensions Committees are also working on health care reform.

The most high profile work has been done by the Senate Finance Committee under the leadership of Chair Max Baucus (D-Montana) and Ranking Member Charles Grassley (R-Iowa). In April and May the Committee held three roundtable discussions on reforming the health care delivery system, ways to achieve coverage for all Americans, and the best ways to finance and invest in health care reform.

Key issues in reforming the health care delivery system include:

Fostering Care Coordination and Provider Collaborations. Policy options focus on making the health care delivery system more effective, higher quality and efficient. These options include: promoting quality care by reimbursing for quality of care rather than volume of care provided; promoting the use of primary care physicians who can focus on prevention and coordinate care needed from other providers; encouraging provider collaboration; better chronic care management; and increased accountability for care provided.

Investments in Infrastructure. Policy options include: better use of health information technology; the development of quality measures; making information about evidence-based practice (what works) accessible to patients and doctors; increased transparency regarding physician-industry relationships and other conflicts of interest; and developing an adequate supply of health care professionals to meet the demands of an aging society.

Additional policy options include reforming the payments to Medicare Advantage Plans and combating fraud, waste and abuse in the Medicare program.¹

A key question still to be answered:

Will there be greater parity in reimbursement through Medicare and Medicaid?

Key issues in achieving coverage for all Americans include:

Insurance Market Reforms. Part of Massachusetts' success in moving toward health insurance coverage for all is due to the insurance reforms they have enacted. Insurance reform includes assuring the individual and small group market are competitive based on price and quality, rather than on the ability to segment risk and discriminate against individuals with pre-existing conditions.²

¹ Finance Leaders Release Health Care Reform Policy Options. News release, April 28, 2009. Available at <http://finance.gov>.

² *Expanding Health Care Coverage: Proposals to Provide Affordable coverage to All Americans*. Senate Finance Committee, May 14, 2009. Available at <http://finance.gov>.

A “Health Insurance Exchange” is a key concept in insurance reform. An Exchange is a way to organize the market so that individuals and small groups can purchase insurance that is affordable, adequate, understandable and available to everyone regardless of health status and to promote competition.³

Some key questions still to be answered:

*Will a public insurance option (similar to Medicare) also be available through an Exchange?
Should a public option only be available if the private market is not successful in enrolling individuals?
Will the Exchange be a national entity, or should each state operate one or more Exchanges?
What is the extent of the Exchange’s responsibilities in setting policy?
What will the benefit packages include?*

Making Coverage Affordable. Individuals with incomes below 150 percent of Federal Poverty Level (FPL) simply do not have expendable income that allows them to purchase health care. And low income workers are the least likely to have the benefit of employee-sponsored insurance. Discussions have focused on expanding eligibility for Medicaid to 150 percent of FPL (\$27,465/yr for a family of 3), and expanding the State Children’s Health Insurance Program (SCHIP) to 275 percent of FPL.⁴ Expanding Medicaid and SCHIP are good ideas because they provide an adequate benefits package, assure minimal cost to those insured, provide consumer protections, and have lower administrative costs than private insurance.

A sliding scale of premium subsidies to enable individuals with incomes up to 400 or 500 percent of FPL to purchase insurance through the Exchange is an option being considered. Tax credits could also be offered to small businesses that offer health insurance as a benefit.⁵

Some key questions still to be answered:

*Will everyone be mandated to purchase or enroll in health insurance?
Will all employers be required to contribute a minimal amount toward employee health insurance?
How will “affordable” premiums, co-pays, etc. be determined?*

Key issues in financing and investing in health care reform

Financing for health care reform is being considered from three perspectives: finding savings within the current health care system; finding savings by modifying the current tax treatment of health-related expenses to eliminate inconsistencies and discourage wasteful spending; and increasing revenue.⁶ The Missouri Budget Project believes that all options need to remain on the table as discussions progress.

How to finance health reform is a key question. The availability and adequacy of funding will determine whether there is meaningful reform. The Missouri Budget Project will provide additional information about financing in the in the near future.

Tentative time line of expected action

In the Senate: The Senate Health, Education, Labor & Pensions Committee tentatively scheduled hearings for June 10-11, with mark-up of the bill the week of June 22.

The Senate Finance Committee has not released a schedule, but expects mark-up to begin the week of June 22.

In the House: The three Committees considering health care reform expect a joint bill to emerge in mid-June. Hearings and mark-up will follow in late June and mark-up is expected to begin in mid-July.

Both the Senate and House promise floor action in July. The President wants a law by October 1.

For more information, contact Ruth Ehresman, at 314. 504.3616 or rehresman@mobudget.org.

³ Blumberg, Linda, and Pollitz, Karen. Health Insurance Exchanges: Organizing Health Insurance Marketplaces to Promote Health Reform Goals. Urban Institute, April, 2009.

⁴ Ibid at 1.

⁵ Ibid

⁶ Senate Finance Committee Press Release on Financing Options. May 18, 2009. Available at <http://finance.gov>.