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From: Rodriguez, Miguel E <RodriguezME@state.gov>
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To: H
Cc: Abedin, Huma
Subject: HC Update

Here's a brief update on today's health care developments.

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The House is expected to vote Sunday on the final health care package, with floor action to follow in the Senate as early as next week. Just a moment ago, the reconciliation bill was posted on the House Rules website, meaning the 72-hour clock for public disclosure has started.

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CBO Score and Deficit Reduction

CBO, in a preliminary score posted late Thursday morning, reported that the bill would cost \$940 billion over 10 years, but thanks to reductions in Medicare spending and tax increases, it would reduce the deficit by a net of \$138 billion during that period and by \$1.2 trillion in its second decade. Leader Hoyer called the legislation the largest deficit-reduction legislation since 1993.

The bill as written would create state-based exchanges, or marketplaces, where individuals without employer-provided insurance could buy health coverage. Federal subsidies would be available to help cover the cost for many purchasers.

In the first five years of the exchanges, they would provide more generous subsidies for people buying policies than the Senate bill proposed. But in 2019, they propose to suddenly reduce the rate of growth of the subsidies to something closer to that of the Senate bill. The final measure would reportedly pare the annual growth in Medicare expenditures by 1.4 percentage points per year, while closing the "doughnut hole" gap in prescription drug coverage and extending the program's solvency by at least nine years. It also would extend health insurance coverage to about 32 million people who currently lack it, leading to coverage of an estimated 95 percent of Americans.

Senate Fight

Hoyer said he is confident, but not certain, the bill would survive parliamentary challenges in the Senate, where Democrats intend to pass it under budget reconciliation procedures.

Senate Republicans are expected to lodge points of order against provisions they suspect may not meet the strict budgetary rules of the reconciliation process. If their challenges are upheld by the chair (advised by the parliamentarian), it would require 60 votes to waive the point of order.

Hoyer said he has sought assurances from Leader Reid that the reconciliation measure can pass the Senate without changes.

"Deeming" Procedure

Hoyer dismissed Republican criticism of the "deeming" procedure Democrats are contemplating using in the House. In the context of health care reform, the idea is that the special rule for considering the reconciliation bill would also provide for passage of the Senate-passed health care bill. Upon adoption of

the special rule, the House is simultaneously considered to have voted for and passed the Senate-passed health care bill (i.e., the Senate bill is "deemed" passed). Not surprisingly, Republicans are slamming the tactic as parliamentary gamesmanship. They are insisting they want an up or down vote on the Senate bill.

Speaker Pelosi still would not confirm (or deny) that she plans to use the self-executing rule to clear the Senate-passed health care bill and pass the accompanying reconciliation bill. It is worth noting that Republicans used the self-executing rule dozens of times when they were in control of the House.

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