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Democrats Prepare for Healthcare Reform Debate

How to pay for reform is the hot topic as healthcare bills move through Congress

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It began with a leak two weeks ago, a chunk of a bill circulating in Washington that offered the first real glimpse of a Democratic plan for healthcare reform. By early last week, the leak had given way to the real thing: a 615-page draft put out by [Sen. Ted Kennedy](#), the ailing liberal from Massachusetts, and accompanied by the outline of a largely similar bill from House Democrats.

Healthcare reform, in short, has entered a new phase, moving out of the purgatory of think-tank policy papers and rampant speculation and into the realm of actual legislation. If Congress finds a way to overhaul [healthcare](#) this year, many of the ideas adopted will likely come from these two efforts.

The proposals are not identical, but they are similar. They would require almost all Americans to have [health insurance](#) and would subsidize the costs for lower-income people. (In the House's version, which is less generous than the Senate's, individuals making up to \$43,320 a year would qualify for subsidies.) And they both call for setting up centralized clearinghouses—called "exchanges" or "gateways," depending upon the bill—that would let Americans comparison-shop for healthcare plans.

The proposals are also notable for what they don't say, especially on controversial points. Kennedy has previously voiced support for letting people buy health insurance from the government, i.e. a public option, but his draft bill doesn't offer any real details. Rather, on Page 111, under the header "public [health insurance option](#)," there is merely a bracketed phrase: "policy under discussion." The House bill, by contrast, does call for a government-run insurance option. Yet neither bill addresses outright how to pay for reform.

These omissions are not oversights; they are political calculations. The cost of healthcare reform could top \$1 trillion over the next decade, and the proposals for raising that money, which include everything from eliminating [tax breaks](#) for employers to putting new taxes on drinks that contain high-fructose corn syrup, are contentious and risk alienating lawmakers.

Meantime, in the past two weeks, Democrats' support for government-run insurance to compete with private insurers to lower costs has provoked a strong blowback from Republicans and even created some intra-party turmoil. In fact, even before Democrats had released the outlines of their bills, nine Senate Republicans sent a letter to [President Obama](#) last week warning him that government healthcare "would create an unlevel playing field and inevitably doom true competition."

Democrats aren't taking these criticisms lightly. Speaking at a recent healthcare forum in Washington, Senate Finance Committee Chairman Max Baucus characterized the Republicans' letter as mere "positioning" and said that he has been meeting daily with key Republicans to persuade them to support a public option. "We are on the eve of doing something terrific," Baucus said.

Democrats seem to have the public on their side. A new Kaiser poll released this week finds that roughly two-thirds of Americans say they support a government health insurance option. More than 60 percent said healthcare reform "is more important than ever."

Like Kennedy, the more centrist Baucus is writing a healthcare bill. And like Kennedy's plan, which is being spearheaded by [Sen. Chris Dodd](#) as Kennedy battles brain cancer, the Baucus bill is slated to get out of committee within the month. The Dodd-Kennedy effort kicks off in earnest on Wednesday, when their Senate committee starts trying to fill in the gaps in their bill during a scheduled week and a half of debate.

At some point, the two Senate bills will be melded together. As head of the Finance Committee, however, Baucus has the added challenge of finding ways to pay for everything.

On that front, the administration says it has tried to do its part. In his weekly radio address on Saturday, Obama said he has identified about \$950 billion in savings to offset the cost of reform, including more than \$300 billion in savings from federal programs for the

elderly and the poor. Though the proposals were short on details, top officials have pledged that all of these dollar amounts will be easily verifiable and rigorously checked by the Congressional Budget Office. Now it's up to Congress to come up with the rest.

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