

# White House, hospitals reach deal on health care

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(AP) -- The nation's hospitals will give up \$155 billion in future Medicare and Medicaid payments to help defray the cost of President Barack Obama's health care plan, a concession the White House hopes will boost an overhaul effort that's hit a roadblock in Congress.

Vice President Joe Biden announced the deal at the [White House](#) on Wednesday, with administration officials and [hospital](#) administrators at his side.

"Reform is coming," he said. "It is on track. ... We have never been as close as we are today." And in a firm message to lawmakers, Biden added, "We must and will enact reform by the end of August."

Obama has set an ambitious timetable for legislation, with the hope of signing a comprehensive bill in October. But lawmakers returned Tuesday from their July 4 break with lots of questions about the complex legislation and deep misgivings about key elements under discussion.

Democratic senators in particular are having second thoughts about a proposed new tax on generous health insurance benefits provided by some employers. Without the tax - Republicans favor it as a brake on cost increases - the prospects for a bipartisan deal in the Senate appear to be in jeopardy.

Timing is critical because lawmakers might be reluctant to vote on such

a charged issue as [health care](#) next year, when all House members and one-third of senators face elections.

"We're not there yet," said Sen. Max Baucus, D-Mont., who, as chairman of the Senate Finance Committee, has spent countless hours seeking a compromise with Republican colleagues. "I'm trying the best I can to get there soon."

Another senator deeply involved in the bipartisan negotiations said the proposed new tax on the costliest employer-paid insurance benefits is quickly losing favor with Democrats.

"It's clearly a very difficult issue," said Sen. Kent Conrad, D-N.D., citing recent polls. "You go to the public to ask them what they think and they don't like it."

A compilation of surveys reviewed by senators showed at least 59 percent of the public opposed to taxing health care benefits to "pay for reform."

As a result, Conrad said, "we're looking at other options" to help finance a bill whose price tag is expected to reach \$1 trillion or slightly more. Those other options may be hard to sell to Republicans whose support Baucus has been cultivating.

Baucus has long championed a tax on health benefits as the best way to pay for health care while simultaneously restraining the growth of the cost of coverage in the future. But the idea has drawn strong opposition from organized labor, a core Democratic constituency. House Democrats have been highly resistant, too, and Obama campaigned hard against it in last year's run for the White House.

The deal with the hospitals - the one bright spot right now for Obama -

may also be on shaky ground. Officials said it's pegged to the Senate Finance Committee legislation that Baucus is negotiating, and whose prospects are uncertain. It would follow concessions from drug companies, and an announcement by Wal-Mart last week that it would support an employer requirement to help pay for health care.

Of the \$155 billion in projected savings from hospitals, about \$40 billion to \$50 billion would come from reducing federal payments hospitals receive for providing care to uninsured and low-income patients, according to lobbyists. Those payments are now made through the Medicare and Medicaid programs. The Medicaid cuts would be apportioned by state, as 10 percent annual reductions beginning around 2015.

About \$100 billion more would come from reductions in planned Medicare payments to hospitals. A small amount of savings would come from trimming the money hospitals get for preventing patients from being readmitted for additional care.

Hospitals would also get something out of the deal. They won an agreement that if the Finance Committee's legislation includes a public [health insurance](#) plan, it would reimburse hospitals at above the rates Medicare and Medicaid pay, which hospitals have long complained are insufficient.

The issue of a government insurance plan to compete against private companies continued to inflame sentiments on both sides of the political aisle. Republicans remain solidly opposed. Democrats, citing polls that show the public is open to the idea, are talking about a showdown on the issue.

In a sign of higher-level concern over the pace of bipartisan talks, Senate Majority Leader Harry Reid told reporters he intends to meet

Wednesday with a small group of Republicans who have been involved in the discussions.

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Associated Press writers David Espo, Erica Werner and Alan Fram contributed to this report.

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