

Senate's 10-year health fix would cost \$856B

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Sen. Max Baucus, D-Mont., speaks with the press following a meeting on Capitol Hill, Tuesday, Sept. 15, 2009, in Washington. (AP Photo/Haraz N. Ghanbari)

(AP) -- Sen. Max Baucus on Wednesday released the much-awaited Finance Committee version of an American health-system remake - a landmark \$856 billion, 10-year measure that starts a rough ride through Congress without visible Republican backing.

The bill by Baucus, chairman of the Finance Committee, would make major changes to the nation's \$2.5 trillion [health care](#) system, including requiring all individuals to purchase health care or pay a fine, and language prohibiting insurance company practices like charging more to people with more serious health problems.

"This is a unique moment in history where we can finally reach an

objective so many of us have sought for so long," Baucus said. "The Finance Committee has carefully worked through the details of [health care reform](#) to ensure this package works for patients, for health care providers and for our economy."

Consumers would be able to shop for and compare insurance plans in a new purchasing exchange. Medicaid would be expanded, and caps would be placed on patients' yearly [health care costs](#). The plan would be paid for with \$507 billion in cuts to government health programs and \$349 billion in new taxes and fees, including a tax on high-end insurance plans and fees on insurance companies and medical device manufacturers.

The bill fails to fulfill President Barack Obama's aim of creating a new government-run [insurance plan](#) - or option - to compete with the private market. It proposes instead a system of nonprofit member owned cooperatives, somewhat akin to electric co-ops that exist in many places around the country. That was one of many concessions meant to win over Republicans.

In other ways though, including its overall cost and payment mechanisms, the bill tracks closely with the priorities Obama laid out in his speech to Congress last week.

Baucus is still holding out hope for GOP support when his committee actually votes on the bill, probably as early as next week.

The measure represents the most moderate health care proposal in Congress so far, compared to legislation approved by three committees in the House and the Senate's health panel. Obama's top domestic priority is to revamp the health care system to provide coverage to nearly 50 million Americans who lack it and to rein in rising costs.

Wednesday's bill release follows months of negotiations among Baucus

and five other Finance Committee senators dubbed the "Gang of Six" - Republicans Chuck Grassley of Iowa, Mike Enzi of Wyoming and Olympia Snowe of Maine, and Democrats Kent Conrad of North Dakota and Jeff Bingaman of New Mexico.

In the end, Democrats believe Snowe may be the only Republican to support the bill, though she wasn't ready to commit her support Tuesday night. "Hopefully at some point through the committee process we can reach an agreement," she said.

The bill drew quick criticism from Republican leaders.

"This partisan proposal cuts Medicare by nearly a half-trillion dollars, and puts massive new tax burdens on families and small businesses, to create yet another thousand-page, trillion-dollar government program," said Senate Minority Leader Mitch McConnell, R-Ky. "Only in Washington would anyone think that makes sense, especially in this economy."

Many liberals also have concerns. Some wanted Baucus to include a public option, while others fear that, in his effort to hold down the price of his bill, Baucus didn't do enough to make health coverage affordable to working-class Americans. Sen. Jay Rockefeller, D-W.Va., a member of the [Finance Committee](#), said Tuesday that he couldn't support the bill in its current form.

Baucus' plan aims to make health insurance more affordable for self-employed people and those working for small companies, who now have the biggest problems in getting and keeping coverage.

People insured through large employers would not see major changes, but some of their health care benefits would be nicked to help pay for the cost of the plan. The Baucus proposal would limit to \$2,000 a year

the amount people can contribute to flexible spending accounts, which are used to cover copayments and deductibles not paid by their employers. That provision would raise \$16.5 billion over 10 years.

Everyone covered through an employer would learn the full costs of their health benefits, which starting next year would be reported on employees' W-2 tax forms. Although family coverage averages about \$13,000 a year most workers don't know how much their employer is paying.

Not carrying insurance could result in a steep fine, as much as \$3,800 per family, or \$950 for an individual. People who can't afford their premiums would be exempted from the fine.

The plan proposes a \$6 billion annual fee on health insurance providers, which would recoup some of the profits the companies expect to make from millions of new taxpayer-subsidized customers.

Democratic leaders are aiming for votes in the full House and Senate this fall.

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