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How things work

On Christmas Eve, the Senate passed its health reform bill. The House had passed a very different version in November. The next step in the process, then, is for representatives from the Senate and from the House to get together and put together a third and final bill. They can do that by creating an entirely new bill, or by amending one of the bills already passed. That final bill will not be amendable by either chamber, so it must be a compromise that's acceptable to the majority in both.

These negotiations between the House and Senate can take one of two forms. A formal conference committee could be appointed by Senate and House leaders, or negotiations could be more informal – a “ping-pong” process, where the conversation is an on-going back-and-forth between leaders of the two chambers as they work out the differences in their bills.

It's generally known in the Capitol that the ping-pong approach will be used this time, although House leaders haven't confirmed that's true and may not until after a discussion with the entire Democratic caucus on Thursday. But informal discussions have already begun.

This informal approach has several advantages for Democrats: First, Republicans can be left out of the negotiations (both parties must play a role in formal conference committees). Second, the process will go faster (there are fewer procedural hurdles to

overcome and fewer opportunities for opponents to slow things down). And third, there is less public scrutiny of what's going on (by the rules, a formal conference committee must have at least one open meeting).

Meetings can be face-to-face or by phone. Likely participants are House Speaker Nancy Pelosi, House Majority Leader Steny Hoyer and Senate Majority Leader Harry Reid, plus the chairmen of the committees that have jurisdiction over health reform: Max Baucus (Senate Finance), Christopher Dodd (Senate Health, Education, Labor and Pensions), Charles Rangel (House Ways and Means), Henry Waxman (House Energy and Commerce) and George Miller (Education and Labor) – and, of course, members of their staffs.

Republicans are opposed to any approach outside of a formal conference committee. "Something as critical as the Democrats' health care bill...shouldn't be slapped together in a shady backroom deal," said a spokesman for House Minority Leader John Boehner. "Skipping a real, open conference shuts out the American people and breaks one of President Obama's signature campaign promises."

Of course, one reason Democrats want to use the informal approach is that Republicans have signaled their intent to try to block the bill. As Senate Minority Leader Mitch McConnell said in a floor speech just before the Senate passed its bill on Christmas Eve, "This fight isn't over. My colleagues and I will work to stop this bill from becoming law."

As a senior Senate staffer told a writer for The New Republic, "I think the Republicans have made our decision for us. It's time for a little ping-pong."

Senate leaders have not yet returned from their Christmas break, but House leaders are in Washington and met Tuesday afternoon to

discuss the bills. Tuesday evening they met with the President. At the Democratic caucus meeting on Thursday, priorities – as well as process – will be discussed.

Significant differences in the bills include emotional issues like the intersection of health reform with abortion and immigration; financial issues like how to pay for reforms; and whether there should be a public plan competing with private health plans. Another difference is in the size of the cuts to Medicare Advantage: \$170 billion over 10 years in the House bill, \$118 billion in the Senate version.

Because there wasn't a single extra vote to spare in the Senate – and because some senators, including Joe Lieberman of Connecticut and Ben Nelson of Nebraska, were adamant that they would not vote for a final bill that differed significantly from the one the Senate passed – it is believed that the final bill will look a lot like the Senate version.

Again, Senate Majority Leader Reid will need 60 votes to end debate, so negotiations will be tricky. They are expected to go into high gear next week, when Senate leaders return. The goal is to have a final bill before the President's State of the Union address in February.

Health spending continues to grow A new analysis written by economists at the federal agency that oversees Medicare and Medicaid and published in Health Affairs says that health care spending in the U.S. was \$2.3 trillion in 2008 – \$7,681 per person. That represented 16.2 percent of the gross domestic product – up from 15.9 percent in 2007.

The rate of spending growth, however, was 4.4 percent – the slowest rate of growth for the last 48 years (down from 6 percent in 2007). This deceleration was experienced broadly – by nearly all payers and for nearly all health care goods and services. For example, health spending by household slowed to an increase of 4.3 percent. But spending still grew faster than the economy as a whole. Because of the recession, the report said, real GDP growth in 2008 was just .4 percent.

“This report contains some welcome news and yet another warning sign,” said Jonathan Blum of the Centers for Medicare and Medicaid Services. “Health care spending as a percentage of GDP is rising at an unsustainable rate. It is clear that we need health insurance reform now.”

Rep. Dave Camp, R-Mich., the ranking member of the House Ways and Means Committee, responded, “I agree we need reform, but both the House and Senate Democrat bills make the problem worse by increasing the cost of health care. They spend \$1 trillion we don’t have and bend the curve the wrong way.”