



Massachusetts: The new epicenter of the health reform debate

The biggest news on health reform, of course, hasn't been what's going on in Washington, where negotiations to reconcile the House and Senate bills have quietly continued. It's what's been going on in Massachusetts.

A month ago, no one believed it could happen. A week ago, it still seemed only the slightest possibility. But Tuesday night, Republican Scott Brown won the right to be the new senator from Massachusetts – and his election will have a big impact on health reform.

Brown was elected despite the fact that Massachusetts is a reliable Democratic state (both chambers of the Legislature are Democrat-run, the congressional delegation is all Democrats and so are the state office-holders), despite the fact that he vowed to vote against health care reform (Sen. Kennedy, his popular predecessor, spent his lifetime trying to accomplish reforms like those Brown campaigned against), and despite the fact that just a little over a year ago, President Obama carried the state by 26 percentage points.

Brown beat state Attorney General Martha Coakley 52 percent to 47 in a contest that has been at the top of the national news for the last few days. As Brown said in his victory speech, the campaign started quietly, but "Air Force One made an emergency trip to Logan Airport" on Sunday so the President could try to rescue Coakley's campaign. Former President Bill Clinton stumped for her for three days in the past week. As probably everyone in the Western world knows at this point, Brown's victory gives the Republicans their 41st Senate seat, which means the Democrats no longer have a filibuster-proof majority.

That shifts the balance of power in the Capitol for lots of issues: bank reforms, cap and trade and the debate over how suspected terrorists should be tried and treated. But the immediate question is what it will do to health care reform, which has occupied Congress and the President since last summer. The House and Senate have been working on a final draft of the bill and had hoped to pass it in the next few weeks. Now that the Democrats have lost their critical 60th Senate vote, however, in a campaign that sometimes felt like a referendum on health reform, the big question is what happens to that health reform bill? And the answer is, nobody knows.

For the past few days, the Capitol has been buzzing with talk about a Plan B for

passing a reform bill, in case Brown should win. Some lawmakers have advocated that the chambers finish their negotiations quickly so members can vote before Sen. Brown is seated, or for scaling back the bill and passing it through the budget reconciliation process, which would only take 51 Senate votes.

The most popular Plan B, however, has been to convince the House to pass the bill the Senate already passed – with no changes – and send it to the President to sign. That would obviate the need for the Senate to vote on the issue again.

But that plan seems increasingly unlikely. First, House members, including Speaker Nancy Pelosi, say they are adamantly opposed to some parts of the Senate bill. And now that a conservative Republican has defeated a Democrat in a blue state, some Democrats who supported the bill last time may have second thoughts about supporting it and other items on the Democratic agenda. For example, moments after Brown's win, Rep. Anthony Weiner, a liberal Democrat from New York, told CNN, "We need to internalize this... We've got to recognize we have an entirely different scenario... There's a limit to saying (the people) just don't get it – that if we just pass a bill they'll get it."

CNN political commentator David Gergen, who has served in both Democratic and Republican administrations, said Tuesday night, "I think we're seeing the obituary written tonight for universal health care in the U.S. It's very unlikely to pass in its current form."

He's looking further down the road than others seem willing to look. Speaker Pelosi and Senate Majority Leader Harry Reid were both maintaining that they will pass a reform bill. And as AHIP and Humana have said for several years, the U.S. health care system needs to be reformed.

But this election does change the landscape, and it will soon be apparent how. Will the bill's content change? Will it be scaled back? Will the timetable for passing it be delayed?

A week from now, the President will be making his State of the Union Address. Will he be talking about reform, or will he "pivot," as some in Washington are guessing, and make jobs and the economy his central theme?

Where the negotiations stand The arguments over why Brown beat Coakley have already begun. Was Martha Coakley a terrible candidate? Did she lose because she took her victory for granted and started campaigning too late? Or were voters communicating dismay over what's going on in Washington – maybe even specifically, over what's going on with health care reform?

What isn't debatable, however, is that Brown's victory will have a big impact on the future of health reform. And here's where the negotiations stand:

Last week, talks between the House, Senate, the President and top

administration officials were like a three-day marathon. From 10:30 a.m. until 6:40 p.m. last Wednesday, from Thursday morning until about 1 a.m. Friday, and then for most of Friday, Democratic leaders were at the White House trying to work out the differences in the House and Senate bills.

The meetings were described as unusual (rarely does a president spend such big blocks of time working on issues with members of Congress), intense (no BlackBerrys or cell phones were allowed), and productive (in a joint statement on Wednesday, House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid said they had made "significant progress in bridging the remaining gaps").

On Friday, the White House released this statement: "We've worked through the gamut of issues in great depth, but there are still not final agreements and no overall package. The next step in the process is to evaluate the costs and savings associated with the various proposals for each tenet of the legislation."

Therefore, some parts of the bill were sent to the Congressional Budget Office for analysis. The issues that lawmakers and the administration have been grappling with include the details of how to pay for the bill, how much Medicaid should be expanded, how generous the subsidies to help individuals buy insurance should be, and whether there should be exchanges in every state or just one, national exchange.

The details of policy provisions that have been tentatively agreed on have not been released, but some are known:

- Unions and employees of state and local governments won a five-year reprieve on the tax on "Cadillac" health plans. This creates a need for \$60 billion more in revenue
- Pharmaceutical companies were asked to raise their financial contribution from \$80 billion over 10 years to \$90 billion
- Cuts to Medicare Advantage were \$118 billion in the Senate bill and \$170 billion in the House bill. At this point in the negotiations, the cuts reportedly stand somewhere between those numbers

Republicans have been left out of all these discussions.

In addition, Sen. Ben Nelson, D-Neb., who became notorious for negotiating a special Medicaid-payment deal for his home state as a condition of his vote for reform, requested that either the deal be granted to everyone, or removed from the legislation. He insisted it always "was intended to serve as a placeholder that would be removed during the conference negotiations and replaced with a mechanism applying to all state governments."

Meanwhile, a CBS News poll released last week showed that the health reform debate is hurting the approval ratings of the President and members of Congress. Only 36 percent of Americans approve of the way President Obama is handling the issue (54 percent disapprove), and only 46 percent approve of the job he's doing overall (down from 56 percent in October). Only 1 in 5 Americans thinks the health reforms in Congress strike the right balance when it comes to expanding coverage, controlling costs and regulating insurance companies (some people think it does too much; others think it does too little).

But the news for members of Congress is worse: 57 percent of Americans disapprove of the way Democrats in Congress have dealt with the issue of health reform (in fact, only 48 percent of Democrats approve of the way Democrats have dealt with it), and 61 percent of Americans disapprove of the Republicans' approach (only 43 percent of Republicans approve of the Republican approach).