



Senate Finance Committee Begins Health Reform Markup

AHIP, Washington Update, 9/25/2009

The Senate Finance Committee began its health reform markup this week, considering approximately 50 amendments over a four-day period. The committee recessed shortly before noon today and is scheduled to reconvene on Tuesday morning.

The starting point for the markup was a “Chairman’s Mark” for the “America’s Healthy Future Act.” Sen. Max Baucus (D-MT), the committee chairman, released this Mark on September 16 and announced modifications on September 22. More than 560 amendments were filed by committee members prior to the markup. These amendments address a wide range of issues, with many of them focusing on insurance market reforms, the responsibilities of individuals and employers, Medicaid and Medicare, supplemental products, a government-run plan, the health insurance exchange, and health insurer related budget offsets.

When the committee reconvenes on Tuesday, Sens. Charles Schumer (D-NY) and Jay Rockefeller (D-WV) are planning to offer separate amendments proposing to add a “strong public option” to the pending health reform bill. Although committee members potentially could offer several hundred additional amendments to the pending bill, Chairman Baucus will push to complete action on the markup next week. At the next stage of the legislative process, Senate leaders will work to merge the provisions of the Senate Finance Committee bill with the Senate HELP Committee bill (S. 1679). Senate floor action on the merged bill is anticipated in October.

The following is an overview of notable amendments the committee approved this week:

- By voice vote, the committee approved an amendment by Senator Bill Nelson (D-FL) that would require the HHS Inspector General to conduct a study to determine how much Medicare and Medicaid pay for prescription drugs.
- By voice vote, the committee approved an amendment by Senator Maria Cantwell (D-WA) that would require pharmacy benefit managers (PBMs) to disclose specified information – including aggregate data on rebates, discounts, and price concessions – to the commissioners of the proposed



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Exchanges and to any plans the PBMs contract with through the Exchanges.

- By voice vote, the committee approved an amendment by Senator Bill Nelson (D-FL) that would require state legislative action before any state could enter into a compact for the sale of individual health insurance across state lines.
- By voice vote, the committee approved an amendment by Senator Debbie Stabenow (D-MI) that would apply the federal mental health parity requirement to health insurance plans offered through the state exchanges.
- By voice vote, the committee approved an amendment by Senator Robert Menendez (D-NJ) that would make a child-only health insurance plan available through the Exchange and allow minor children to qualify as Exchange-eligible individuals.
- By voice vote, the committee approved another amendment by Senator Menendez that would require health insurance plans to provide behavioral health treatment, including for autism, as part of mental health and substance abuse services.

House Approves “Medicare Premium Fairness Act”

On September 24, by a vote of 406 to 18, the House approved legislation, H.R. 3631, which would hold Medicare Part B premiums at their current level, \$96.40 per month, for all Medicare beneficiaries in 2010.

Action on this bill was prompted by the expectation that, due to low inflation, seniors will not receive a Social Security cost-of-living-adjustment (COLA) next year – raising questions about whether an increase in Part B premiums would reduce their Social Security checks.

Under current law, most beneficiaries are protected by a hold harmless provision that prevents an increase in Part B premiums from reducing their Social Security checks below the previous year’s amount. However, this protection does not apply to newly eligible beneficiaries and those with incomes exceeding \$85,000 for a single person and \$170,000 for a couple – meaning that these beneficiaries would be subject to higher Part B premiums even if there is no Social Security COLA next



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year. Also not covered by the hold harmless provision are low-income beneficiaries who qualify to have their premiums paid by Medicaid.

Under H.R. 3631, all Medicare beneficiaries would be protected by the hold harmless provision next year. This temporary policy change is expected to cost \$2.8 billion.

Reid Pledges To Bring Drug Importation Bill to Senate Floor This Year

Senate Majority Leader Harry Reid (D-NV) addressed a letter this week to the sponsors of S. 1232, the "Pharmaceutical Market Access and Drug Safety Act," promising to bring this bill to the Senate floor before the end of the year if prescription drug importation is not addressed during the Senate's consideration of comprehensive health reform legislation.

S. 1232 would allow individuals to order prescription drugs from Canadian pharmacies that are approved and registered by the FDA and, additionally, allow licensed pharmacists and wholesalers to import FDA-approved prescription drugs from Canada and other industrialized nations. During the Senate HELP Committee's health reform markup in June, an amendment based on this bill was defeated by a vote of 12 to 10.

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