



January 15, 2010

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### **Health Reform Update**

The United States House of Representatives returned to session this week, and the full Senate will return next week. In the interim, President Obama convened a day-long meeting on Wednesday with top House and Senate Democratic leaders and key administration officials to resolve differences between the chambers' two health reform bills.

Reportedly, the White House and union leaders reached a compromise yesterday on the proposed excise tax on high-cost insurance plans, a contentious issue in the health reform debate thus far. The original Senate health reform bill included a 40 percent excise tax to begin in 2013 on health care plans costing \$8,500 annually for individuals and \$23,000 annually for families, which met resistance particularly from organized labor groups, who often negotiate for better benefits instead of increased wages. The compromise reached this week would increase the threshold for the excise tax to \$8,900 annually for individuals and \$24,000 annually for families, and further increase the threshold for people with high-risk jobs and for plans with large numbers of older or female beneficiaries.

It has been reported that White House officials have urged Congressional leadership to complete work on the merged health reform bill within the next 10 days due to the Congressional Budget Office's often lengthy process of providing a full cost analysis of the legislation. Many Democrats still maintain that the final bill will not be sent to President Obama before early February.

### **Health Reform and the AAP**

As elected officials continue negotiations on how to merge the House and Senate's health reform legislation, Academy leadership and Department of Federal Affairs staff are hard at work on Capitol Hill and with the Executive Branch, advocating for the needs of children and pediatricians within health reform. The AAP's Executive Committee was in Washington, D.C., this week, attending high-level meetings with Obama Administration officials and Congressional leaders to discuss the Academy's top health reform priorities.

On Wednesday, January 13, AAP President Judith S. Palfrey, MD, FAAP, served on a panel for an educational briefing for Capitol Hill staff on what care children need in health reform. Also on Wednesday, Dr. Palfrey was an expert guest on the topic of childhood obesity for HealthRadio.net's show "Kid's Health - The Talk Show for Parents." A [podcast](#) of the show is available for download.

This week, the AAP sent a detailed communication to Congressional leadership listing Academy preferences between the House and Senate bills. The AAP also joined 136 other organizations in a joint letter on Medicaid equity sent to Congressional leadership this week. Both letters as well as additional resources can be found at the top of the Department of Federal Affairs [Member Center Web page](#).

## What Can You Do?

As negotiations finish on how to meld the House and Senate's legislation into a merged bill, please contact your senators and representatives immediately and pass along the following information:

- **As a member of the AAP, I encourage you to support House provisions to improve payment for Evaluation and Management codes in Medicaid in final health reform legislation.** There is strong evidence that appropriate physician payment results in children having better access to comprehensive health services.
- **Appropriate payment rates provide real access to care.** On average across the country, Medicaid payment rates are just two-thirds of what Medicare pays **for the exact same service.** Children lose if Congress ultimately fails to address reimbursement disparities.
- The most recent survey from the Center for Studying Health System Change shows that **only 53 percent of physicians are willing to take on new Medicaid patients.** If we include Medicaid expansion in health reform legislation without raising the rates to at least those of Medicare, health reform will not provide real access to essential health care services.

Beyond payment reform, there are positive provisions that also need to remain in the final legislation:

- **Please also include the preventive benefits package for children from the Senate bill in final health reform legislation.** Both bills take a significant step forward in providing age-appropriate benefits for children in the proposed health insurance exchanges, but the Senate health reform bill would immediately cover all services included in the Health Resources and Services Administration (HRSA) approved consensus guidelines, also known as *Bright Futures*, with no co-pay. The Senate provision goes farthest in bringing the appropriate preventive benefits to children in the United States. The AAP would very much like to see this provision retained in final health reform legislation.

## Additional Resources

Visit the Department of Federal Affairs [Member Center Web page](#) for updated information on health reform, including:

- Letters to Congressional leadership on the AAP's top priorities within health reform
- Joint letter to Congressional leadership on Medicaid payment reform
- Copies of these weekly updates on health reform
- Health reform PowerPoint presentation and audio files from a recent membership conference call series
- Issue-specific side-by-side legislative analyses of the House and Senate health reform bills

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*The Department of Federal Affairs is here to support you and answer any questions you may have. Please contact Erin Wallace ([ewallace@aap.org](mailto:ewallace@aap.org)) or Bob Hall ([rhall@aap.org](mailto:rhall@aap.org)) for more information.*