



February 26, 2010

Federal Legislative Update

Health Reform

On Monday, President Obama released his [health reform proposal](#). The 11-page document uses the United States Senate's health reform bill passed on December 24, 2009, as a foundation for final health reform legislation.

Comparing the proposal against the Academy's priorities, the AAP achieved several legislative victories in the President's plan:

- Prevention services (*Bright Futures*) would be a required health benefit in all state-regulated insurance, including those plans in the proposed health insurance exchange. *Bright Futures* services would be a no co-pay benefit in all state-regulated group health insurance plans.
- A new Medicaid state option would be created to permit Medicaid enrollees with at least two chronic conditions to designate a provider as a medical home (referred to as "health homes" in the legislation). States that take up the option would receive a 90 percent Federal Medical Assistance Percentage (FMAP) for two years.
- Subspecialty workforce provisions are included, which dedicate funding for loan forgiveness for individuals entering into pediatric subspecialty fields.
- The essential benefits package in the health insurance exchange includes rehabilitative, habilitative, mental and behavioral health services, as well as other pediatric services, including vision and oral health.

Unfortunately, the United States House of Representatives' health reform bill's provision that would increase Medicaid payment to 100 percent of Medicare over three years is **not** included in the Senate's health reform bill or in the President's proposal.

Yesterday, the Academy sent a letter to the President thanking him for his efforts but also strongly urging him to reconsider the omission of Medicaid payment reform from his proposal. The letter also emphasized the importance of Medicaid payment parity to the success of overall health reform.

President Obama's health reform proposal is designed to be approved through budget "reconciliation," which would most likely involve passing the current Senate bill (HR 3590) out of the House of Representatives unchanged as well as passing a separate package of reform measures not included in the Senate bill through the budget "reconciliation" process. "Reconciliation" would require only a simple majority to pass out of the Senate.

Yesterday, President Obama mediated a **bipartisan White House summit** on health reform at the Blair House in Washington, DC. Thirty-eight members of Congress, Democratic and Republican leaders from both chambers of Congress, as well as chairs and ranking members of the five congressional committees that helped craft health reform legislation attended the summit.

President Obama began the summit by addressing similarities and differences between Democratic and Republican health reform proposals, and focused the daylong event on four main issues: insurance reform, cost containment, coverage expansion and deficit reduction as a result of health reform.

During the nearly seven-hour-long event, Congressional Republicans continued to urge President Obama to stop his current health reform efforts and restart the debate on how best to control medical costs and expand insurance coverage. President Obama closed the summit with renewed commitment to move forward with current health reform legislation with or without Republican support.

Antitrust/Tort Reform

The House of Representatives passed HR 4626, the *Health Insurance Industry Fair Competition Act*, by an overwhelming bipartisan vote of 406 to 19. Drafted by Reps. Tom Perriello (D-Va.) and Betsy Markey (D-Colo.), the bill repeals the *McCarran-Ferguson Act* and thus strips the health insurance industry of its antitrust exemption. The legislation is intended to bar insurers from fixing prices and creating their own markets without "being regulated by federal antitrust laws." The Academy endorsed nearly identical legislation late last year.

Tom Sullivan, MD, FAAP, spoke on behalf of the American Academy of Pediatrics at a press conference in the United States Capitol on Feb. 5, 2010, expressing the Academy's support of the bill. The current exemption of business and insurance companies from federal antitrust laws negatively impacts children. Reps. Perriello and Markey's antitrust bill is necessary for children and their families to see lower prices, more choices and better service from insurance companies.

Second Jobs Bill to Include Federal Medicaid Funding Expansion

Senate Democrats are currently preparing a second jobs bill that would address many of the health care-related issues left out of earlier jobs legislation endorsed this month by Senate Majority Leader Harry Reid (D-Nev.). Majority Leader Reid supported a scaled-back version of the House-passed job creation bill (HR 2847) instead of a separate Senate proposal that included several health provisions. On Wednesday, the Senate voted to approve the scaled-back jobs bill.

Because this scaled-back bill omitted many health care-related provisions, the second jobs bill Democrats are currently working on will likely include a 12-month extension of unemployment benefits and health insurance subsidies for laid-off workers as well as a six-month extension of additional federal matching funds for state Medicaid programs (also known as FMAP). According to Majority Leader Reid, the legislation would also incorporate a longer-term fix for the Medicare physician payment formula that would offset scheduled cuts to physician payments. This 21 percent cut in Medicare physician payments due the Sustainable Growth Rate

("SGR") will occur March 1, 2010, unless legislation is enacted to delay the cuts from taking place.

How to Become Involved in Federal Advocacy

If you would like more information on how to get involved in advocacy regarding the FMAP extension as well as other federal legislative issues, please **become a Key Contact**. Visit federaladvocacy.aap.org and click on "Become a Key Contact." As a Key Contact, you will receive timely advocacy assignments and information on federal legislative issues impacting the pediatric community.