

Policy and Advocacy Update #15

October 9, 2009

Will CBO score mean greater support? On Wednesday, the Congressional Budget Office (CBO) provided Senate Finance Committee Chairman Max Baucus (D-MT) with a preliminary analysis of the estimated cost of his healthcare reform proposal. A collective sigh of relief was released in Washington as the CBO estimate indicated that the proposal would not increase the deficit and in its current format could lead to deficit reduction by 2019. The letter includes several caveats that could impact the cost of the proposal which is currently estimated to be \$829 billion over ten years. Yet, even without final legislative language to improve their estimate, CBO concludes that the proposal balances costs with savings and those savings could be expected to increase over time.

The Baucus proposal would:

- reduce the percentage of non-elderly legal residents with incomes above 133% of the federal poverty line that do not have health insurance by mandating coverage starting July 2013. Individuals could gain/maintain coverage through their employers, in the open market through health insurance exchanges. CBO estimates that by 2019, 94% of individuals would have healthcare insurance compared with 83% today.
- cost \$829 billion over ten years due to: credits and subsidies to specific populations to facilitate the purchase of healthcare insurance; expansion of Medicaid to those with incomes below 133% of the federal poverty line; expansion of the State Children's Health Insurance Program (SCHIP), and tax credits for small employers that provide healthcare insurance to their employees.
- offset the cost of the plan through a tax on high-premium health insurance plans; penalties placed on those individuals not gaining insurance, employer penalties based on the number of employees that gain insurance through an exchange instead of through the employer (a variation on pay or play) and reductions to Medicare providers, disproportionate share hospitals, and Medicare managed care organizations.

The estimate provided by CBO indicates that costs associated with provisions of interest to academic and professional pharmacy (accountable care organizations and medical home pilots, reduction of possibly preventable hospital readmissions, standardized date collection, quality improvement, etc.) are less than \$1 billion or less for any one provision.

AACP continues to monitor the movement of healthcare reform legislation in both chambers of Congress. We work on behalf of our members and in collaboration with a host of other organizations when our interests allow. Letters to Congress regarding healthcare reform are posted on the AACP Advocacy web page:

<http://www.aacp.org/issuesandadvocacy/advocacy/LetterstoCongressandthePresident/Pages/default.aspx>

The AACP advocacy web page contains a document that has selected provisions of interest to academic and professional pharmacy from the Baucus proposal as it was originally presented to the Senate Finance Committee. Please recognize that this document is listed as S 2 which in reality is another piece of legislation. To read the document, go to:

<http://www.capwiz.com/taacp/issues/bills/?bill=14149021>

To read the entire CBO letter to Chairman Baucus go to:

http://www.cbo.gov/ftpdocs/106xx/doc10642/10-7-Baucus_letter.pdf

To read the entire Baucus proposal as originally presented to the Senate Finance Committee go to:

http://finance.senate.gov/sitepages/leg/LEG%202009/091609%20Americas_Healthy_Future_Act.pdf

To read the entire Baucus proposal, as amended as of October 2, 2009, go to:

http://finance.senate.gov/sitepages/leg/LEG%202009/100209_Americas_Healthy_Future_Act_A_MENDED.pdf