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THE HILL'S Congress Blog

Where lawmakers come to blog

The Big Question: Will the Baucus legislation get momentum?

By Tony Romm - 09/18/09 02:58 PM ET

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John Castellani, president of the [Business Roundtable](#), said:

The simple truth is that, when it comes to health care, maintaining the status quo is not an option.

We just [released a report](#) this week that shows that if we continue along the current path, health care costs will jeopardize not just the health of our workforce, but of our economy. Without effective reform, the cost of coverage is set to triple over the next decade to nearly \$29,000 per employee. Those costs threaten the employer-based system and put millions of U.S. jobs at risk. We need reform and we need it this year.

Senator Baucus has taken a step in the right direction by introducing his framework for reform. We need the senator and his colleagues from both parties to continue negotiating to make the bill as inclusive and bipartisan as possible. The dialogue among all actors – Democrats, Republicans, consumers, businesses and others – should continue over the coming weeks to ensure a bill that reduces costs and extends coverage to more Americans passes the critical 60-vote mark in the Senate.

Michael D. Tanner, senior fellow at [The Cato Institute](#), said:

The best thing that can be said about the Baucus plan is that it is not as bad as the House or Senate HELP Committee health care bills.

But that's a pretty low bar.

The proposal does drop the ill-conceived idea of a government-run "public option" in favor of co-ops. Government involvement with these co-ops would essentially be limited to providing start-up grants. The co-ops are unlikely to have much, if any, impact on the cost or availability of health insurance, but are far preferable to a government run plan.

And, it does get the cost down to a mere \$856 billion. (Remember when that sounded like a lot of money?) But that likely understates the true cost. The Congressional Budget Office only looks at a 10 year budget window, that is, 2010 to 2019. But most of the bill wouldn't even start until 2014. Thus, the 10 year cost covers only 5 years of the bill. Future costs are expected to increase dramatically.

The proposal would also take the first tentative steps toward allowing people to purchase health insurance across state lines. It doesn't go far enough, and risks simply transferring regulation and mandates from the

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state to the regional or national level, but a first read suggests it is a step in the right direction.

But, there is much to be concerned about. In particular, there is still a heavily punitive individual mandate, a requirement that every American purchase a government-designed minimum insurance package. Failure to comply would result in a fine that could run as high as \$3800 for a family of four. Moreover, the mandate may not apply just to those without insurance today. While the summary says that those with “grandfathered” plans would not have to change their current plan to satisfy the mandate, it is vague about what qualifies as “grandfathered.” The summary also says that employer-provided plans would have to be changed within five years to comply with new insurance regulations, and that “grandfathered” plans would not be eligible for any subsidies. It is unclear, therefore, whether people will be able to keep their current plans.

And, the Baucus plan imposes heavy new taxes that will fall primarily on the middle-class. Chief among these is a 35 percent excise tax on health insurance plans that offer benefits in excess of \$8,000 for an individual plan and \$21,000 for a family plan. Insurers would almost certainly pass this tax on to consumers in the form of higher premiums. The plan would also impose new restrictions on Health Savings Accounts (HSAs) and limit the ability of workers to tax advantage of tax-free Flexible Spending Accounts (FSAs). And there are a host of taxes, fees, and assessments on health care providers that will almost certainly result in higher health care costs. Finally, there are also insurance regulations that would drive up insurance premiums for younger and healthier workers.

Somehow, "it could be worse," isn't really the answer to health-care reform.

Dick Morris, [Pundits Blog](#) contributor, said:

It shouldn't. And, if the public comes to understand it, it won't. He leaves the medicare cuts untouched and does nothing to mitigate the scarcity of doctors which will result from the bill's passage. His trimming of the cost does not reduce the \$500 billion the elderly are being asked to sacrifice from medicare spending. The lower spending simply means that the young and uninsured will have to pay more out of pocket -- or face a federal fine. This tax increase on moderate income people who are mostly healthy enough neither to need nor want insurance will blow up in the face of the Democrats just as the Medicare cuts have cost them 30 years of popularity among the elderly

Brent Budowsky, [Pundits Blog](#) contributor, said:

The Baucus bill will be substantially amended in the Finance Committee and should be. All eyes now turn to Senator Jay Rockefeller (D-Wv.) who will emerge as the Democratic Party's leader on health care in America.

Bernie Quigley, [Pundits Blog](#) contributor, said:

Too late and not enough. The ongoing discussions in the Congress and the country – including the Baucus legislation – will have historic significance but significance not related to health care. They will be recalled as the Petri dish in which a new political direction first hatched and began to take purchase in our country. The tax revolts, the town hall rebels with signs reading, “Liars and Commies and Tsars, Oh My!” bring a sea change and possibly one like we have not seen in our country in many decades.

A.B. Stoddard, Associate Editor of The Hill, said:

Sen. Max Baucus (D-Mont.) has labored month after month to keep Republicans at the negotiating table on healthcare – only to produce a bill without any GOP support. Any ... not even Sen. Olympia Snowe (R-Maine).

People keep asking why Baucus would have hung in this long unless he

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wanted a bill Republicans could vote for. Baucus said he is hopeful the Republicans will keep talking to Democrats and come on board after the Senate Finance Committee produces a marked-up and undoubtedly different bill, and while it's possible, it certainly isn't likely.

While liberals blasted the Baucus bill and Republicans roundly rejected it, The Washington Post points out that the industry coalition President Barack Obama has worked so hard to preserve "remains intact." The very interests that loathe the House bills containing a public option are still at the proverbial table, and the criticism from both sides may be — according to the Post — "the best news President Obama has had in months."

So though there is much whining from right and left about the Baucus plan, it is quite possibly the sweet spot from which the Obama administration hopes to begin the process of finding consensus. It is scored at less than \$800 billion by the Congressional Budget Office, is budget-neutral, contains generous subsidies for coverage and reforms the system without a government plan.

Baucus seemed a lonely figure on Wednesday, without the support of any other Gang of Six member behind him as he introduced his plan. But he said it can pass the Senate. And one thing is for sure, anything that can pass the Senate will have earned the scorn of right and left, just like the Baucus bill.

Comments (5)

Former Governor Dean of Vt stated yesterday that the Baucus bill is one he does NOT support. Howard Dean or better Dr. Dean, MD is infinitely qualified in determining whether the plan promoted by Sen Baucus has merit. Well it does not and ain't worth the paper it is written on. It fails, simply because it is written by for profit insurers, guaranteeing them customers at the threat of penalties and completely fails the people by not including a public option. The time is now to tell private insurance companies which syphon off 20 to 30% of premiums paid them for obscene salaries, advertising and lobbying special interest lackeys, such as the republican party and the Blue Cross - Blue Shield demodorks who abandon their duty to the public and serve their corporate masters. GIVE US A STRONG PUBLIC OPTION OR GET OUT OF THE WAY!

BY **GREG WILLIAMS** on 09/18/2009 at 17:02

To hold the record correct and accurate:PEOPLE IN MONTANA DO NOT WANT THIS, OR ANY OTHER SUCH, BILL...BACUS IS AN IDIOT THAT IS SO LONG IN THE TOOTH HE NEEDS A MIRROR UNDER HIS NOSE EVERY MORNING TO VERIFY LIFE!IF there is so much "waste and fraud" in Medicare, why haven't they, in Congress, done something about it before this??? What kind of circus are they running up there on our tax dollars anyway??? They claim 500 B\$ is to be had for "offset" from this source, well...specify where and how NOW!!! Then, we'll see if some "bill" needs to be voted on THEN...after the fact of savings first!NO...we don't want this mess and we don't want you in Congress in our lives, healthcare planing, or pockets!

BY **MONTANAMEL** on 09/19/2009 at 21:06

It boggles the mind to think that the Baucus Plan is given serious consideration. Like the Senator is statesman who has produced a great compromise.It is just a watered-down bad plan; it's still a bad plan.

BY **LARRY** on 09/20/2009 at 19:47

Are Ceci Connolly and AB Stoddard related? They seem to be the only humans that like the Baucus piece of crap.

BY **BILL** on 09/21/2009 at 01:13

So adding 100 million younger, more healthy people to Medicare is a bad thing?Basic economics, and common sense. If you represent the people.

BY **GLEN** on 09/21/2009 at 08:23

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