

# Democrats Turn Up the Heat on Insurance Industry

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WASHINGTON -- Democrats ratcheted up an offensive against health insurers Wednesday, proposing \$100 billion in new fees on the industry, as health-care legislation took another step forward in the Senate.

Completing weeks of work, the Senate Health, Education, Labor and Pensions Committee passed its version of a health bill on a party-line vote. The bill will need to be merged with whatever the Finance Committee passes before it can move to the full Senate.

Finance Committee lawmakers are struggling to figure out how to cover the \$1 trillion cost of expanding coverage. After one plan fell apart, Chairman Max Baucus began shopping a new package of taxes and fees, including the new proposal to impose a fee on insurers.

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That new fee would come on top of reductions the committee already plans in payments to the industry through the Medicare Advantage program, likely to top \$100 billion on their own, officials said. The companion House bill introduced this week included \$156 billion in Medicare Advantage reductions over a decade.

Hoping to encourage congressional negotiators, Mr. Obama delivered a pep talk for a third straight day, this time in the White House Rose Garden. "We are going to get this done," he said. "We need to buck up people a little bit." On Thursday, Mr. Obama plans to meet with two key senators who are possible swing votes, Republican Olympia Snowe of Maine and Democrat Ben Nelson of Nebraska.

Across the Capitol, there were cautionary signs as three House committees prepared to consider their versions of the legislation. The toughest road will be in the House Energy and Commerce Committee, which includes seven members of the fiscally conservative Blue Dog coalition.

"The current bill would have to be substantially amended before we could consider supporting it," said Rep. Mike Ross (D., Ark.), a member of the coalition.

In 1993 and 1994, insurance companies helped to kill former President Bill Clinton's health-care overhaul bill. This time they support the overall effort and have taken steps to advance it, partly because they stand to gain substantial new business through mandates to purchase coverage and subsidies to help pay premiums.

But the insurance industry is deeply unpopular with the public and Democrats, led by Mr. Obama, have made it a chief target. Earlier this week, he said that if the current legislative effort on health-care fails, "insurance companies and special interests that have killed reform in the past will only continue to benefit even more."



*Reuters*

Barack Obama, with Sen. Chris Dodd, speaks about healthcare reform from the Rose Garden.

That contrasts with Democrats' rhetoric regarding hospitals, doctors and nurses. On Wednesday, Mr. Obama lauded nurses as "men and women who know as well as anyone the urgent need for health reform."

Months ago, insurers agreed to stop denying coverage, or charging extra, to people with pre-existing conditions in exchange for a requirement that all Americans have health insurance. That would represent a fundamental change in the market and is a part of all the leading bills moving through Congress.

The insurers' chief lobbyist, Karen Ignagni, was a key organizer of a voluntary pledge by the industry to cut costs -- a pledge that Mr. Obama now regularly cites as evidence of progress. And an industry official said its lobbyists have quietly agreed to a variety of new smaller fees.

Still, the industry had not signed off on big cuts to its federal payments, as hospitals and brand-name drug companies have, and it will resist this new proposed assessment as well. Some say they made early concessions only to forestall other reforms. For instance, the industry strongly opposes a government-run public plan to compete with private companies, a proposal that Mr. Obama and many other Democrats are pushing hard.

Senate aides say that the Finance Committee's proposal for new fees on insurers would be based on market share. It's not clear if any new government-run plan would have to pay the assessment.

Sen. Charles Schumer (D., N.Y.), a member of the committee, said Wednesday that the total assessment could reach a "minimum" of \$75 billion to \$100 billion over 10 years. He pointed to

rising profits over the past decade, which he said reached \$12.9 billion in 2007 for the largest 10 insurers.

Insurers were quick to fight back. "I thought the whole idea was to lower costs," said G. William Hoagland, vice president of public policy at Cigna Corp., one of the largest health insurers.