



The Daily Whip

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THURSDAY, JUNE 26, 2003

House Meets At...	Last Vote Predicted At...
10:00 a.m.: Legislative Business Five "One Minutes" Per Side	???

***** NOTE THAT TODAY WE EXPECT IMPORTANT VOTES ON MEDICARE REFORM. ATTENDANCE IS CRITICAL. PLEASE NOTIFY THE DEMOCRATIC WHIP'S FLOOR STAFF IF YOU WILL BE ABSENT.**

FLOOR SCHEDULE AND PROCEDURE

H.R. 2417 - Intelligence Authorization Act for Fiscal Year 2004 (Rep. Goss - Intelligence) (Modified Open Rule) (Complete Consideration)

Rolled Votes on three amendments:

- **Hastings (FL) Amendment**
- **Kucinich Amendment**
- **Lee Amendment**

Rolled Suspension Vote (1 bill):

H.Res. 277 - Expressing support for freedom in Hong Kong (Rep. Cox - International Relations)

Rule for Consideration of H.R. 1 - Prescription Drug and Medicare Modernization Act of 2003 (Ways & Means / Energy & Commerce) and **H.R. 2596 - Health Savings and Affordability Act of 2003** (Rep. Thomas - Ways & Means).

H.R. 2596 - Health Savings and Affordability Act of 2003 (Rep. Thomas - Ways & Means) (Subject to a Rule)

H.R. 1 - Prescription Drug and Medicare Modernization Act of 2003 (Ways & Means / Energy & Commerce) (Subject to a Rule)

H.R. 2559 - Military Construction Appropriations Act for FY04 (Rep. Knollenberg - Appropriations)

Possible: Rule providing for consideration of motions to suspend the rules on Wednesdays until the end of the 108th Congress

BILL SUMMARY AND KEY ISSUES

Rule for Consideration of H.R. 1 - Prescription Drug and Medicare Modernization Act of 2003 (Ways & Means / Energy & Commerce) and **H.R. 2596 - Health Savings and Affordability Act of 2003** (Rep. Thomas - Ways & Means). The Rules Committee has recommended one rule for the consideration of both H.R. 1 and H.R. 2596. Regarding H.R. 1, the Rule provides for three hours of debate; waives all points of order against consideration of the bill; and provides one motion to recommit with or without instructions. The rule also makes in order one amendment (substitute) to be offered by Rep. Rangel or his designee.

Regarding H.R. 2596 - Health Savings and Affordability Act, the Rule does not allow amendments to the bill; provides for one hour of debate; waives all points of order against consideration of the bill; and provides one motion to recommit with or without instructions. The Rule also provides that H.R. 2596 would be added to H.R. 1 before H.R. 1 is sent to the Senate.

Democrats are urged to VOTE NO on the Previous Question and to VOTE NO on the Rule to allow the consideration of all Democratic amendments.

H.R. 2596 - Health Savings and Affordability Act of 2003 (Rep. Thomas - Ways & Means) (Subject to a Rule). This bill is another step in the Republican plan to enact \$1.2 trillion in tax cuts this year and dig an even deeper fiscal hole for this nation while the projected deficit has more than doubled over the past fiscal year. H.R. 2596 is a substitute for Chairman Thomas' original bill H.R. 2351, which cost \$71 billion bill, and this version could cost over \$100 billion. The original bill created tax-free Health Savings Accounts (HSAs) modeled after the existing Archer Medical Savings Accounts MSAs with income limits designed for lower-income families. The new version renames what were to be HSAs as Health Savings Security Accounts (HSSAs), increases the income limits to include family incomes up to \$150,000 before starting to phase-out the credit, and changes the HSAs to tax-free accounts with no income limits for families with even higher deductible insurance coverage.

This bill will do little to help people who are supposed to be the intended targets for the tax credit - low-income uninsured.

- Most uninsured have incomes that are too low to owe federal income tax liability, let alone have \$2,000 to set aside for this purpose, including all of the same low-income workers Democrats are trying to assist with refundable child tax credits.
- Self-employed individuals (the other large segment of uninsured) may already deduct 100 percent of their health insurance costs.
- The result is to undercut the provision of employer-sponsored health care coverage by encouraging employers to raise deductibles or potentially drop their coverage, and raise the cost of health care for low-income, older and sick workers with higher co-payment and premiums.



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- The model the health savings account is based on, the Archer Medical Savings Account, which is already available, has not been a wide success either. Preliminary data from 2001 tax returns show that of over 130 million tax returns, only 68,000 taxpayers took advantage of MSAs, and only 26,000 of those had income under \$50,000 / year. Current law provides for 750,000 MSA accounts.

Democrats are urged to VOTE NO on FINAL PASSAGE H.R. 2596 - Health Savings and Affordability Act of 2003.

H.R. 1 - Prescription Drug and Medicare Modernization Act of 2003 (*Ways & Means / Energy & Commerce*) (Subject to a Rule). This bill is designed to go even further toward privatizing the Medicare program, forcing seniors out of traditional Medicare into private insurance plans and is significantly worse than the Senate deal. The House Republican bill will:

- **Uses private drug-only plans to administer the prescription drug program.** These plans don't exist anywhere today. They are untried, untested and have the likelihood of not existing in rural areas. If these plans fail to materialize, beneficiaries get nothing.
- **Fails to guarantee a defined premium, or assurances that prescription drugs will be affordable.** Their bill allows private insurers to vary the benefit levels and prices around the country, and limit access to specific drugs and pharmacies.
- **Leaves a significant "gap-in-coverage".** Once seniors spend \$250 a year, they pay 20% co-insurance for up to \$2,000 in drug spending. NO assistance will be provided at all between \$2,000 and \$5,100 (or higher, depending on income) in drug spending.
- **Transforms Medicare into a Voucher program.** For the first time, traditional fee-for-service Medicare will be required to bid against private plans, making traditional Medicare too expensive for many seniors with fixed incomes. Seniors who want to stay in traditional Medicare would be required to pay the excess costs if Medicare is unable to bid lower than private plans. This proposal reflects the controversial privatization recommendations advocated by the 1999 Medicare reform commission.
- **Disadvantages rural communities.** The Republican bill does not guarantee the same benefits for the 9.2 million Medicare beneficiaries who live in rural communities. Their bill relies on private insurers to provide coverage, even though currently 4 out of 5 rural beneficiaries have no access to private plans. Further, the Republican bill does not guarantee that all seniors pay the same premium no matter where they live, so seniors in rural areas would be subject to different premiums based on geography, set by insurance companies. The House bill also provides no "fallback" in rural areas where private plans do not enter an area to offer coverage.
- **Fails to provide adequate low-income protection.** The GOP bill imposes an assets test that would disqualify up to 40% of otherwise eligible low-income seniors. Plus it fails to fill in the huge donut hole in coverage for low-income seniors.
- **Discourages employers from providing retiree drug benefits** by not counting third-party contributions, like employer coverage, toward the out-of-pocket cap. The CBO has concluded that about one-third of beneficiaries with retiree coverage will lose that coverage under such a proposal.
- **Fails to provide lower drug prices.** Over the past five years, drug prices have inflated in the double-digits annually. Yet, not only does the Republican bill do nothing to address this problem, they actually prohibit the Secretary of HHS from negotiating a better price for our seniors.

The substitute made in order by the Rule is debatable for one hour and includes real relief and offers prescription drugs to American seniors.

- **The substitute provides a real Medicare drug benefit that works like the rest of Medicare:** \$25 monthly premium; \$100 deductible; 20 percent coinsurance; and NO COVERAGE GAPS.
- **The substitute improves Rural Health Care:** it provides additional funds for rural providers to ensure a level playing field; it guarantees seniors in rural areas to have the same costs and benefits as seniors who live in urban areas.
- **The substitute reduces prescription drug prices:** it gives the Secretary of Health and Human Services the authority to use the purchasing power of 40 million beneficiaries to negotiate fair prices; it allows importation of FDA approved drugs from Canada for resale in the U.S.; it reduces the amount of time it takes to bring low-cost generic drugs to market.

Democrats are urged to VOTE YES on the substitute. If the Democratic Substitute is not adopted, **Democrats are expected to offer a Motion to Recommit.** If the motion to recommit is not adopted, **Democrats are strongly urged to VOTE NO on FINAL PASSAGE of H.R. 1.**

H.R. 2559 – Military Construction Appropriations Act for FY04 (Privileged) (Rep. Knollenberg – Appropriations). This bill provides \$9.2 billion including: \$4.8 billion for military construction (\$1.2 billion for barracks, \$16 million for child development centers, \$176 million for hospital and medical facilities, \$120 million for the Chemical Demilitarization program, \$169 million for NATO Security Investment Program, and \$465 million for Guard and Reserve components); \$3.9 billion for family housing (\$1.2 billion for new family housing units and improvements to existing units, and \$2.7 billion for operation and maintenance of existing units); and \$370 million for base realignment and closure. The Rules committee has recommended an open rule that provides for one hour of general debate; waives all points of order against the bill and provides one motion to recommit with or without instructions.

Daily Quote...

"To those who say that [the bill] would end Medicare as we know it, our answer is: We certainly hope so. Old-fashioned Medicare isn't very good."

-House Ways and Means Chairman Bill Thomas (R-CA), 6/25/03, MSNBC