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CBO Gets Baucus Health Bill

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The Senate Finance Committee has approved a health bill amendment that would limit affected health insurers to deducting \$500,000 in remuneration per executive per year.

Members of the committee voted 14-8 Thursday to apply that remuneration deductibility limit to health insurers that get at least 25% of their gross premium income from health insurance plans that "meet the minimum creditable coverage requirements" in the bill.

The vote came a few hours before the Finance Committee wrapped up efforts to "mark up," or revise," the America's Healthy Future Act bill. The Finance Committee completed the markup at 2:18 a.m. today.

Sen. Jon Kyl, R-Ariz., attacked the idea of Congress establishing specific deductibility limits for executives at private companies.

"This is setting an outstandingly bad precedent," Kyl said. "The United States government should not be setting private firms' salaries."

Lincoln said the deductibility cap would affect only the salaries of executives at insurers that benefit greatly from the new health coverage subsidies proposed in the AHFA bill. If Congress is going to require individuals to buy health coverage, it must avoid any impression that health insurance company executives are receiving personal windfalls as a result of that mandate, she said.

The committee rejected a proposed amendment that would have required permanent residents to have that status for at least 5 years before getting any health coverage strategies. Democrats on the committee noted that permanent residents would continue to be ineligible for Medicaid benefits aimed at the poor, and they said permanent residents, who pay federal income taxes and are eligible to serve in the military, would be simply be getting helping with complying with the federal coverage mandate.

Other questions about immigration-related issues, such as the process for applying for subsidized coverage and verifying citizen or permanent resident status, cropped up several times.

Lawmakers talked about ways to eliminate, postpone soften and narrow the scope of the penalties the government might impose on people who fail to have health coverage. For procedural reasons, they rejected an amendment proposed by Sen. John Ensign, R-Nev., that would have indexed a proposed flexible spending account cap for inflation.

To pay for part of his bill, Baucus has called for imposing a \$2,500 limit on the deductibility of FSA contributions.

Sen. Ron Wyden, D-Ore., drew criticism from Baucus and praise from Ensign when he suggested letting workers who have access to only one employer-sponsored health plan use vouchers to buy other coverage.

Baucus said that approach would lead to destabilizing antiselection; Wyden argued that risk adjustment and reinsurance provisions already in the AHFA bill would reduce the effects of any antiselection.

Ensign conceded that he had not considered all possible effects of Wyden's amendment.

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"But I like the idea of individual choice," Ensign said.

Voices grew foggier as the night and morning wore on. Toward the end of the markup, Senate Finance Committee Chairman Max Baucus, D-Mont., observed, "I'm looking at people who are about to drop off of their chairs."

Now that the markup is over, committee staffers will be turning bill and amendment descriptions into formal bill language and sending a completed bill to the Congressional Budget Office, Baucus said.

CBO analysts predict how bills might affect the federal budget deficit. Baucus has pledged to pass an AHFA bill that seems likely to have a helpful or neutral effect on the budget deficit over 10 years.

The CBO might have a "score" for the bill ready by Tuesday, Baucus said. He agreed in response to questions by Sen. Charles Grassley, R-Iowa, the highest-ranking Republican on the committee, that he would like to give committee members "a reasonable period" to look at the CBO score before the committee votes on the bill. But Baucus declined to commit to giving lawmakers a full 72 hours to review the final version of the bill.

Baucus said the committee would reconvene at 10 a.m. Tuesday, and he said he would like to see the committee vote on the AHFA bill next week. If CBO gives the bill a good score, then the version of the bill that the CBO gets might be the final version, but, "if we've got a problem, then we'll come back and we'll have to make some adjustments," he warned.

Senate leaders hope to combine the AHFA bill and the health bill developed by the Senate Health, Education, Labor and Pensions Committee.

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