



## **Pelosi Picks Reinforce Speculation Of Debt Super Committee Deadlock**

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Health policy sources tell *Inside Health Policy* that House Minority Leader Nancy Pelosi's (D-CA) appointments to the debt limit law's joint committee, while not surprising, reinforce earlier speculation that the panel will have a difficult time crafting a \$1.2 trillion budget-cutting deal, a scenario that carries major implications for the health care industry. Her picks -- Budget Committee Ranking Member Chris Van Hollen (MD), Assistant Democratic Leader James Clyburn (SC) and Democratic Caucus Vice Chair Xavier Becerra (CA) -- are all Democratic leaders and close Pelosi allies, giving her important influence over the committee -- and potentially giving her enough clout to scuttle a package that doesn't dovetail with her goals as she aims to retake the House next November.

Pelosi emphasized in a statement that her three appointees -- as reported by *Inside Health Policy* Wednesday (Aug. 10) - will work closely with the entire Caucus towards a goal of achieving a "grand bargain" that reduces the deficit by addressing our entire budget, while strengthening Medicare, Medicaid and Social Security. Failure by the committee to reach agreement would trigger a 2 percent cut across Medicare providers.

Van Hollen and Clyburn were involved in the Vice President Biden-led phase of the debt limit talks, during which negotiators saw potential for bipartisan agreement in \$353 billion worth of Medicare and Medicaid cost-saving reforms -- notably Medicare means testing and income relating, Medigap reforms such as banning first dollar coverage, and cutting payments for durable medical equipment, hospitals, home health and SNFs. Multiple congressional aides and lobbyists predict the health spending cuts in the Biden phase blueprint will serve as the menu of option for the super committee.

Although it did not end up on the final menu, Van Hollen strongly pushed for legislation that would extend the Medicaid rebates into the Medicare Part D population.

Becerra is a senior member on the Ways and Means Committee. He was not involved in the Biden talks, but he was heavily involved in inter-party negotiations during the health care reform debate. Notably, Becerra helped to negotiate an agreement that ensured the moderate New Democrat coalition would vote the reform legislation out of the Energy and Commerce Committee in July 2009.

The deal called for two IOM studies that would result in recommendations to the HHS secretary and Congress on addressing geographic disparities and determining a quality-based payment system. That IOM study replaced the Independent Medicare Advisory Committee -- an earlier incarnation of the Independent Payment Advisory Board -- which was strongly opposed by the New Democrats.

A Democratic health care consultant said that Senate Majority Leader Harry Reid (D-NV) and House Speaker John Boehner (R-OH) selected "committee chairmen with substance and staff, which will help enormously because the group has a short time frame." Minority Leaders Pelosi and Mitch McConnell (R-KY), the consultant added, picked members based on political considerations. The source predicted

the members might agree to a package smaller than \$1.2 trillion and let sequestration take care of the rest. "I don't think they will completely deadlock and get nothing."

"But it will depend on whether they can work as a group," the consultant continued. "Pelosi's picks are most likely not going to play ball. Boehner's two chairmen could, but not Hensarling. Baucus and Kerry could play. Kyl and Portman could play. So that's six and they would need at least one more. It's very difficult to see who else would play so it's likely to deadlock at six for a full package given the makeup of the group," the source said.

Health care consultant Licy DoCanto sees the group as a modern day version of 12 Angry Men, or in this case 11 angry men and one angry woman, who will be under enormous pressure and scrutiny in their decision-making process. DoCanto expects that the public interest and importance of the deliberations could rival the intensity of a presidential campaign, and notes that the decisions that they make -- or don't make -- will potentially have political consequences.

"They will struggle to balance the enormous constellation of interests," DoCanto says.

Julius Hobson, a health care lobbyist at the firm Polsinelli Shughart, argued that despite the authority granted to super committee members, the party leaders will nevertheless remain firmly in the driver's seat. "Since the Speakership of Newt Gingrich, congressional leadership has become more and more centralized. Anything the committee puts forth is going to be something the key leaders of the parties have agreed on," Hobson said. "These are not free agents under any circumstances."

Another health industry lobbyist said the Pelosi picks reinforced his belief that the panel will end in deadlock.

**And, now that the committee membership is complete, stakeholders have come out with comments and suggestions.**

AARP, which grew nervous during the debt limit debate when entitlements went on the chopping block, urged the committee not to cut Medicare or Social Security benefits. AARP CEO Barry Rand said in a statement that due to the ailing economy, "cuts to the benefits seniors have earned could undermine the standard of living today and for future middle class generations." He added, "Americans want Medicare, Social Security and Medicaid to be strengthened as part of a broader conversation around health and economic security, not one focused solely on deficit reduction."

The National Retail Foundation also came out with a statement, urging committee members to focus on solutions that will boost the economy and create jobs. NRF offered a number of suggestions including corporate tax reform that would eliminate some tax break in return for lower corporate rates.

NRF also asked the group to repeal the employer mandate. "With businesses unable to raise prices to cover the increased payroll costs in the current economy, the requirement will force many companies to reduce the size of their workforces," CEO Matthew Shay said in a statement.

The three House Democrats will serve with Democratic Sens. Patty Murray (WA), John Kerry (MA) and Max Baucus (MT); Republican Sens. Jon Kyl (AZ), Rob Portman (OH) and Pat Toomey (PA), and Republican Reps. Jeb Hensarling (TX), Dave Camp (MI) and Fred Upton (MI). The committee, created by the Aug. 2 debt limit law, is tasked with proposing at least \$1.2 trillion in 10-year debt reduction by Nov. 23, which Congress will be required to vote on by Dec. 23.

Four of the committee members -- Camp, Hensarling, Baucus and Becerra -- served on President Obama's fiscal commission. All four voted 'no' on the final proposal last December. The Democratic health care consultant said the four members who voted no potentially foreshadow gridlock, even though the political climate has swung more in favor of deficit reduction since then. -- *Sahil Kapur and Amy Lotven*