



## A Reading Guide to the Senate Bill's Backroom Deals

**“I think the health care debate as it unfolded legitimately raised concerns not just among my opponents, but also amongst supporters that we just don't know what's going on. And it's an ugly process and it looks like there are a bunch of back room deals.”**

— President Obama, interview with ABC's Diane Sawyer, January 25, 2010<sup>i</sup>

The White House recently released its own health care proposal<sup>ii</sup> in the form of changes to the 2,733 page legislation (H.R. 3590) that passed the Senate in December.<sup>iii</sup> While the proposal purports to remove the “Nebraska FMAP provision” that saw 49 other states funding Nebraska’s Medicaid largesse (known as the “Cornhusker Kickback”), it does not address other deals negotiated by Democrats in the Senate legislation. Many other backroom agreements are included in the Senate bill, which the White House has now endorsed as the platform for Democrats to enact “health reform” into law:

**Page 428**—Section 2006, known as the “Louisiana Purchase,” provides an extra \$300 million in Medicaid funding to Louisiana.<sup>iv</sup>

**Page 878**—Section 3201(g), known as the “Gator Aid” provision, shields certain Florida residents from Medicare Advantage cuts. In December, 57 Senate Democrats voted not to extend this special deal to all Medicare beneficiaries.<sup>v</sup>

**Page 2132**—Section 10201(e)(1) provides an increase in Medicaid Disproportionate Share Hospital (DSH) payments for Hawaii, meaning 49 other states will pay more in taxes so that Hawaii can receive this special benefit.

**Page 2222**—Section 10323 makes certain individuals exposed to environmental hazards eligible for Medicare coverage. The definition used in the bill ensures the only individuals eligible will be those living in Libby, Montana.

**Page 2237**—Section 10324 increases Medicare payments by \$2 billion in “frontier states.”<sup>vi</sup>

**Page 2354**—Section 10502 spends \$100 million on “debt service of, or direct construction of, a health care facility,” language which the sponsors intended to benefit Connecticut.<sup>vii</sup>

**Page 2394**—Section 10905(c) includes language exempting Nebraska Blue Cross/Blue Shield and Michigan Blue Cross/Blue Shield from the new tax on health insurance companies, despite an Administration report calling Michigan Blue Cross/Blue Shield’s rate increases “disturbing.”<sup>viii</sup>

**Page 2395**—Section 10905(d) exempts Medigap supplemental insurance plans from the new tax on health insurance companies; press reports indicate this provision was inserted to benefit an insurer headquartered in Nebraska.<sup>ix</sup>

These specific agreements and provisions also do not display the full scope of the White House's legislative deal-making. For instance, the head of the pharmaceutical industry said the Administration approached him to negotiate a secret arrangement with his industry: "We were assured, 'We need somebody to come in first. If you come in first, you will have a rock-solid deal.'"<sup>x</sup> And former Democratic National Committee Chairman Howard Dean publicly admitted at a town hall forum that "The reason that tort reform is not in the [health care] bill is because the [Democrat Members] who wrote it did not want to take on the trial lawyers."<sup>xi</sup>

The many pages of backroom deals included in the Senate legislation raises several questions: If the bill itself is so compelling, why did Senate Democrats need billions of dollars in "sweeteners" negotiated in secret in order to vote for it? If President Obama is so concerned about the public perceptions created by the backroom dealing, why did he not propose to strike all the special agreements? Is he worried that this pork-barrel spending is the only reason why Democrats would vote to pass his government takeover of health care in the first place?

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<sup>i</sup> Full interview transcript available at <http://abcnews.go.com/print?id=9659064>.

<sup>ii</sup> White House plan available at <http://www.whitehouse.gov/sites/default/files/summary-presidents-proposal.pdf>

<sup>iii</sup> Senate-passed bill text available at <http://www.opencongress.org/bill/111-h3590/text>.

<sup>iv</sup> "Dems Protect Backroom Deals," *Politico* February 4, 2010, <http://www.politico.com/news/stories/0210/32499.html>.

<sup>v</sup> Senate Record Vote 370 on McCain motion to commit,

[http://www.senate.gov/legislative/LIS/roll\\_call\\_lists/roll\\_call\\_vote\\_cfm.cfm?congress=111&session=1&vote=00370](http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=111&session=1&vote=00370).

<sup>vi</sup> Congressional Budget Office, score of H.R. 3590 including Manager's Amendment, December 19, 2009,

[http://cbo.gov/ftpdocs/108xx/doc10868/12-19-Reid\\_Letter\\_Managers\\_Correction\\_Noted.pdf](http://cbo.gov/ftpdocs/108xx/doc10868/12-19-Reid_Letter_Managers_Correction_Noted.pdf).

<sup>vii</sup> "Dodd Primes Pump in Bid to Survive," *Politico* December 22, 2009,

<http://www.politico.com/news/stories/1209/30881.html>.

<sup>viii</sup> White House Office of Health Reform, report on insurance company practices, February 2010,

<http://www.healthreform.gov/reports/insuranceprospers/insuranceprofits.pdf>.

<sup>ix</sup> "How Nebraska's Insurance Companies Stand to Profit from Ben Nelson's Compromises in Health Care Bill," *Huffington Post* 21 December 2009, [http://www.huffingtonpost.com/2009/12/21/how-nebraskas-insurance-c\\_n\\_400080.html](http://www.huffingtonpost.com/2009/12/21/how-nebraskas-insurance-c_n_400080.html).

<sup>x</sup> Quoted in "White House Affirms Deal on Drug Cost," *New York Times* August 5, 2009,

[http://www.nytimes.com/2009/08/06/health/policy/06insure.html?\\_r=3&scp=8&sq=kirkpatrick&st=cse](http://www.nytimes.com/2009/08/06/health/policy/06insure.html?_r=3&scp=8&sq=kirkpatrick&st=cse).

<sup>xi</sup> Exchange at Town Hall forum in Reston, VA, August 25, 2009, available online at

<http://www.youtube.com/watch?v=ldpVY-cONnM>.