

CQ TODAY - HEALTH

Sept. 14, 2007 - 4:39 p.m.

Democrats May Be Close to a Deal on SCHIP By Alex Wayne, CQ Staff
Congressional Democrats were nearing a tentative deal on children's health insurance Friday that might allow them to send legislation to President Bush before the end of the month.

Lawmakers left town Sept. 12 in a stalemate over a renewal and expansion of the State Children's Health Insurance Program. But in an apparent breakthrough, House Democratic leaders made major concessions that could lead to a deal on the bill, according to an executive for a leading children's advocacy group.

House Democrats, the executive said, had agreed to limit spending on SCHIP to \$60 billion over the next five years, a \$35 billion increase that meets a demand by Senate Republicans and matches the increase in a bill passed by the Senate (HR976). The spending increase would be paid for by raising tobacco taxes, including a 61 cent cigarette tax increase, to \$1 per pack - also an element of the Senate bill. In addition, House Democrats had agreed not to insist on including Medicare provisions in the final bill - another condition demanded by Senate Republicans.

The executive received the information from a House Democratic leadership office, and asked not to be identified in order not to harm relationships with lawmakers. A Senate aide and a health care lobbyist confirmed the outline of the deal.

"We are working on an agreement between the House and Senate on proposals to take to our respective caucuses in order to see where we go from here," House Speaker Nancy Pelosi, D-Calif., said during a conference call Friday. "I'm optimistic that we will have a bill and that we will have a bill on time, which is Sept. 30."

A spokesman for Pelosi would not confirm any elements of the agreement, however, saying it was still under discussion.

Indeed, the deal remained tenuous and could yet fall apart, as many details remained to be negotiated - particularly among House Democrats, some of whom were said to be displeased with the agreement.

The House passed a broad health insurance bill (HR3162) on Aug. 1 that would nearly triple spending on SCHIP to \$72 billion over the next five years. The House bill would also make many changes to Medicare, including cutting spending for Medicare Advantage, a program in which insurers cover seniors in place of the government, and dedicate the savings to averting a scheduled cut in Medicare reimbursements for physicians.

The Senate bill is much more limited in both scope and spending.

"It's not at all a done deal," the executive said..

In particular, two powerful lawmakers, Energy and Commerce Chairman John D. Dingell, D-Mich., and Ways and Means Chairman Charles B. Rangel, D-N.Y., "are not thrilled," the executive said. Dingell and Rangel largely wrote the House bill.

But statements from House and Senate Democratic aides, as well as discussions among lobbyists and activists, suggested that a deal was imminent.

"Folks are still working, but it's constructive," said an aide to Senate Finance Chairman Max Baucus, D-Mont., who wrote the Senate bill with Charles E. Grassley of Iowa, the senior Republican on Finance, and Orrin G. Hatch, R-Utah, and John D. Rockefeller IV, D-W.Va.

Without congressional action by Sept. 30, SCHIP will have no new funding in fiscal 2008. The program covers about 6 million children

who are low-income but not poor enough to qualify for Medicaid. Democrats have said one of their top priorities is to expand the program to cover many of the 9 million children who are estimated to be uninsured, especially about 6 million who are thought to be eligible for SCHIP or Medicaid but unenrolled.

Senate Numbers, House Policy

While the compromise bill might adopt the Senate's spending limit and exclude the House's Medicare provisions, House Democrats are expected to insist that much of the policy from their bill remain in the final version.

"If there is a deal, and they're near a deal, it is House policy and Senate numbers," a House Democratic aide said Thursday night. That could mean the final bill uses language in the House bill to allocate SCHIP spending among states, and that eligibility limits included in the Senate bill are left out.

"I think there's some grousing about, 'what's the point of taking back the Congress, and then Chuck Grassley writes the bill?'" the executive said.

However, Democrats could be even more concerned about potential political damage should they miss the Sept. 30 deadline. "If they don't get something done by Sept. 30, then [President] Bush says, well, they didn't even bother to reauthorize, it's their fault," the executive said.

Bush has said he would veto either the House or Senate bill.

The Senate passed its measure Aug. 2 by a vote of 68-31, enough to override a veto. It is unclear how well that bill would fare in the House. Democratic aides say they are confident it would pass, but they are unsure how many House Republicans would support it. All but five Republicans voted against the House bill.

"We'd lose some guys, but we'd easily be able to sustain a veto" against the Senate bill, a House Republican aide said.

Jonathan Allen, Drew Armstrong, Mary Agnes Carey and Bart Jansen contributed to this story.