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Vote on Medicare Payment Cuts Divides Democrats

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WASHINGTON -- The Senate on Wednesday voted down a measure that would have permanently prevented Medicare payment cuts to doctors, with a split in the Democratic vote showing there remains room for disagreement on the health-care front within the party.

Meanwhile, congressional Democrats moved to stiffen antitrust laws on insurance companies. The two actions could influence whether the broader health-overhaul legislation Democrats are pushing in Congress wins support from doctors and insurers.

In a defeat for Senate Majority Leader Harry Reid (D., Nev.), who had pushed the Medicare bill, Democratic leaders failed to advance a plan that would have halted years of payment cuts to doctors under Medicare's reimbursement schedule. Payments are scheduled to fall 21% next year, although Congress has always made one-year fixes to prevent such cuts. The bill would have upended that arrangement and instead frozen doctor payments at this year's level for the next decade.

Thirteen Democrats joined all 40 Republicans to vote 53-47 against a motion to proceed on the Medicare bill, which would have cost \$247 billion over 10 years. Most of the Democratic defections were moderates who worried about the bill's impact on the federal budget deficit.

Sen. Reid signaled his intention to proceed with a shorter-term measure. The Senate Finance Committee's health-overhaul bill would stave off the cuts for an additional year.

The defeat could make it more difficult for lawmakers to win support for the broader health overhaul from doctors. J. James Rohack, president of the American Medical Association, said the doctors group was "deeply disappointed" the measure had been blocked. "Permanent repeal of the payment formula is essential to ensuring the security and stability of Medicare," he said.

Democratic leaders want to keep the cost of the Medicare payment fix out of broader health legislation. Late Wednesday, senior Senate Democrats met with White House officials, including budget chief Peter Orszag, in a meeting that ranged widely over the issues on the table. For Democrats, a top priority remains keeping the cost of the bill down. Including a long-term fix on Medicare payments would likely push the cost beyond the \$900 billion ceiling set by President Barack Obama.

In the House, the Judiciary Committee, voting 20-9, approved legislation that would strip insurance companies of their decades-old exemption from federal antitrust laws. Three Republicans supported the legislation, which has moved

forward in the wake of the industry's decision to come out against one version of health-overhaul legislation.

Sen. Reid and other top Democrats said Wednesday that they will push a similar measure in the Senate. The measure would partially repeal the exemption created in 1945. Insurers -- which are regulated by states -- argued they shouldn't be subject to federal oversight because they didn't engage in interstate commerce, said Sen. Charles Schumer (D., N.Y.).

The measure is expected to be folded into the broader health bill when it comes to the House floor later this fall, said several congressional aides.

The insurance industry argues that health insurance is one of the most regulated areas of the economy. Karen Ignagni, president of America's Health Insurance Plans, the industry trade group, sent a letter earlier this month to House Judiciary Chairman John Conyers (D., Mich.) and Sen. Patrick Leahy (D., Vt.), who is pressing the issue in the Senate, arguing that the exemption doesn't permit anticompetitive conduct among insurers.

Health-insurance industry analysts say repealing the exemption would have little impact on insurers because it largely pertains to data collection and underwriting practices, not market share or consolidation.

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