

THE TRUTH ABOUT HARRY REID'S LIFETIME CAP LOOPHOLE

Here is how Ezra Klein's sources explain why Harry Reid snuck a loophole into the Senate bill allowing insurers to put a cap on lifetime coverage.



Hill sources explain that this was inserted because CBO said premiums would "go through the roof" if insurers couldn't cap benefits. The official quote from Jim Manley, Harry Reid's spokesperson, says much the same thing. "We are concerned that banning all annual limits, regardless of whether services are voluntary, could lead to higher premiums," he explained. "We continue to work with experts on how best to accomplish our goals of preventing insurance companies from imposing arbitrary coverage limits while providing the premium relief American families need and deserve."

Wrong!!!!

Note carefully who told Reid that "premiums would go through the roof" if no lifetime cap were imposed: CBO.

Reid, of course, carried on about a week-long back-and-forth with CBO as he developed the bill to introduce to the Senate (of course, he's doing precisely the same thing this week—going back and forth with CBO on a bunch of proposals suggested for the compromise bill). As a result of Reid's **last** back-and-forth with CBO during which presumably they told him premiums would go through the roof if he didn't eliminate the lifetime cap, he came out with a bill that cost \$849 billion. That was a real feather in his cap because it came in significantly cheaper than the House bill, which cost \$894 billion (though

the Senate bill covers 5 million fewer people), which meant he didn't have to justify why the Senate bill shouldn't just accept the House bill as a base.

Of course, the House bill uses a different strategy for keeping premiums down: including, but not limited to, more subsidies, a lower limit on what people will be expected to spend on health care premiums, and a viable (though not robust enough) public option. Also, the House bill doesn't do one thing that the Senate bill does, which may raise premiums: tax employer provided health care insurance.

So what Ezra's sources really mean is that the Senate bill—partly because it has traded off other means to keep premiums down—has had to eliminate a key promise of health care reform: that families experiencing a catastrophic health care event wouldn't lose coverage at the time they needed it the most. What Ezra's sources really mean is that, because they chose not to pursue other strategies which would have made it unnecessary to eliminate the cap, they have instead been forced to eliminate the caps to keep the bill competitive with the House bill.

Don't let Harry Reid fool you. The problem is not that health care "premiums would go through the roof" without caps. The problem is that Harry Reid has deliberately chosen not to use other means to prevent health care premiums from going through the roof, means that wouldn't make families bear the brunt of the problem.

From this point forward, the debate should never be about what Reid claims is necessary. The debate should be about what Reid has claimed to be necessary because he has made other ill-advised choices that mean he can't match the House bill outcomes without some awful gimmick like lifetime caps.