



March 15, 2010

Hello all,

The following is this week's edition of the Dell Perot Systems *Weekly Washington Report*. Information and updates in this report include:

- **Quote(s) of the Week**
- **Indicium Brevis X** – *Ongoing brief snippets of information for your consideration...*
- **Reconciling Reconciliation** – *On Sunday evening, the House released their "shell" reconciliation report*
- **A Massa Mess** – *Another black eye for the Democratic Party while Republican momentum continues to build.*
- **And, the Ides of March Are Upon Us!** – *Healthcare reform still has not passed. Will we ever see it happen?*
- **The Midterm Microscope** – *The second installment of my ongoing look at the 2010 midterm elections.*
- **How Low Can He Go?** – *A new Gallup poll this week shows Obama at his lowest point since being elected.*
- **Proposed Rules for EHR Certification Released** – *Recently, the Department of Health and Human Services released their proposed rules for establishing certifications programs for health information technology.*
- **The Good, The Bad, And The Ugly** – *The continuing saga...*

Quote of the Week

"We will have at least one week to have our own conversations. But it is not something that we're going to draw out. The choice has to be made."

Speaker of the House Nancy Pelosi (D-CA) before Congressional leaders on the need to have them make up their minds on how they plan to vote on healthcare reform.

"Clean as a whistle. No polyps."

Katie Couric, CBS News commentator on her colleague, Harry Smith's, colonoscopy, which was broadcast nationally. Is this like Elvis on Oct. 28, 1956 (See Indicium Brevis X)? Maybe...

Indicium Brevis X

Ongoing brief snippets of information for your consideration...

So, What Did Elvis Do? – Elvis probably contributed to the single largest, short-term cost savings in American healthcare history on Oct. 28, 1956. Why? He went on national television (ABC, CBS, and NBC) and had his polio immunization done by Jonas Salk, MD!!

The U.S. immunization rate went from 0.5 percent to 83 percent in the space of six months following Elvis' historic immunization. It is estimated that we saved \$40B in the ensuing couple of years because polio was wiped out as a problem in America. And, more importantly, his public immunization changed the perspective of Americans on the use of vaccines, which have become a ubiquitous tool in the fight against infectious diseases.

Obesity Gets Worse – Christina Bethell of the Oregon Child and Adolescent Health Measurement Initiative released a [study](#) reporting that the national prevalence of obesity among U.S. children ages 10-17 has grown significantly, from 14.8 percent in 2003 to 16.4 percent in 2007. This is a trend that is going in the wrong direction...

The Budget Deficit – According to U.S. Treasury figures released last week, the government ran up the largest monthly deficit in US history during February. The federal deficit totaled \$220.9 billion, a level 14 percent higher than the previous record set last year. Less than five months into the government's fiscal year – which started in October – the nation has amassed an additional \$651.6 billion on top of the pre-existing deficit or 10.5 percent more than last year's level. The ballooning deficit comes from the staggering investment by the government in an effort to reverse the sagging economy from the worst recession in history. But, many are wondering just how much more overspending we can withstand, and when will things reverse course and the economy gets back on track?

Speaking of Debt – Spain's debt-to-GDP ratio is only 54 percent whereas Greece is well above 100 percent. Studies show that debt becomes a significant drag on growth in developed countries only when it reaches something like 90 percent of GDP. So, any economic recovery in Spain is likely to be more robust and quicker than in Greece. I'll give a report next week. I'm on my way to Barcelona for a European Union information technology conference. By the way, it seems that the Greek bailout plan has been finalized by the EU.

China's Internet Market – In a report by [Reuters](#), China has become the world's largest Internet market. With more people online than any other nation, nearly half of the country's Web users – roughly 384 million people – are accessing the Internet through a mobile device. And, the number of mobile users is expected to double in five years – a testament to China's economic strength as an evolving world superpower.

Reconciling Reconciliation

On Sunday evening, the House released their "shell" reconciliation report

It seems that they're serious!! On Sunday evening, the 2,309 page so-called "shell" bill for reconciliation was posted by the House Budget Committee in the first step of the process. It's referred to as a "shell" because it still does not contain the mark-up language, which will include the amendments or changes made on the Senate bill by the House. The first mark-up session is slotted to begin today (Monday) at 3:00 p.m. But, the excitement has not really started yet since the shell bill serves only as a vehicle for the Democrats to get the reconciliation process moving on healthcare. Once the bill gains approval in the Budget Committee (again on Monday or possibly Tuesday), the Democrats will then need to send the phantom bill over to the Rules Committee. In Rules Committee, Members will then strip out all of the items not needed and insert the actual changes which have been negotiated in the back offices of the Hill.

Though the Sunday airwaves were filled with Democrat predictions of success on the reconciliation route, House Democrat Whip Jim Clyburn (D-SC), while giving robust support to the prediction also extended caution by adding that he still did not have the required 216 vote margin needed in the House to pass the reconciliation bill. There are still lots of concerns on using the reconciliation process in both the House and Senate. The objections are ideological as well as procedural, and the biggest points of contention revolve around several key points. First, there is distrust of the Senate by the House. Second, to make this work, they have to bend the rules here and there. If we bend them now, we will likely bend them again when the Republicans are in control. Third, abortion. It's an issue that stands on its own, and the question remains on how to resolve the structure of reform around this issue. Fourth, healthcare services for immigrants remains a highly contentious issue. And finally – and, perhaps most importantly – we will be hearing a lot more about an obscure, unelected individual who will have much to say on the shape of the final package once the bill passes the House and arrives in the Senate – the Senate Parliamentarian Alan Frumin. The bill has become all about process and procedure. I wonder what kind of lobbying pressure he has been feeling this past week let alone what will happen this week?

There's lots of movement by all the various sectors on the package. The hospitals, the doctors, the insurers, the medical device manufacturers, the pundits, the policy wonks, and all of the others whose future hangs in the balance will be giving rapt attention to the House process. Speaker Nancy Pelosi has already warned the Members and the staffers to plan on working "through the weekend" to get the package completed by Easter. Increasing the drama is the fact that President Obama abruptly cancelled his Asia trip on Friday so that he could participate in the final discussions. Participate is actually a soft word. I anticipate he will need to serve as traffic cop, arbiter, guard, and "decider" (a George W. Bush word) as the final package winds through the process.

A Massa Mess

Another black eye for the Democratic Party while Republican momentum continues to build.

As the nation's capitol awaits the warmth of spring and the cheerful budding of Washington's famous cherry blossoms, another mark will pass this coming week with seemingly little fanfare – the 500th day since President Barack Obama was elected into office. While the 2008 election was clearly historical, much has changed during the ensuing 500 days in the political environment, and the recent resignation of Representative Eric Massa (D-NY) shows that the tides are changing for the Democratic Party.

Dubbed the "Massa Mess," the first term Congressman and Navy veteran created yet another black eye for Democrats at a time when the party should be focusing on the fall midterm elections. Accused of sexual misconduct by male members of his own staff, Massa stepped down from office last Monday. While his actions were clearly unethical, they would have been forgotten in the media focused land of DC if he had simply walked off into the sunset. But, Democrats did not get off quite so easy. Lashing out publically against White House Chief of Staff, Rahm Emmanuel, Massa claimed the notorious Obama advisor had orchestrated the ethics investigation to intimidate him and other Congressmen into voting against the House healthcare plan. Priming the story for soap opera status amidst the political tug-of-war of Washington, Massa continued his vendetta by claiming that "Rambo" had bullied him in the showers of the House gym over his position on the President's health plan. So, while the story may not be true – as I've been saying for months, the real deals happen in the backroom or, in Massa's case, near the showers.

But, while the Massa scandal holds some prurient interest, it lays out two interesting realities in the Washington, DC parlor game of policy. First, and arguably the harshest truth for Democrats, is that we are facing March 2010. The glowing dates of November 2008 are long gone. Some 500 days after the election, the party that stormed into office is clearly losing ground. No longer able to use George W. Bush as the boogie man for the country's problems, Democrats have experienced a huge rise in the deficit and an unemployment rate edging closer to 10 percent since they entered power. If these problems aren't bad enough, we've now got swirling scandals such as the evolving ethics charges against Representative Charlie Rangel (D-NY) and Governor David Patterson (D-NY) and a slew of retirements. The Democrats are headed down an unsustainable path. Remember, the late-term GWB2 challenges when Representatives Tom DeLay (R-TX), Mark Foley (R-FL), and Senator Larry Craig (R-ID) helped hammer nails in the coffin of a once unstoppable Republican majority? It seems a bit early for the Dems to have faltered, but they have...

The second reality from the Massa resignation is the clarity of how politics is played in Washington, DC. Rarely do we get a glimpse at the inside world of horse-trading and persuasion that is the undercurrent of how real work gets done in Washington. The claim that Rahm Emmanuel in the nude lobbied Massa in the House gym illustrates the nature of how coalitions are formed and votes are won. As Otto von Bismarck, the 19th century statesman and first leader of the German Empire, once said, "There are two things you will never wish to watch: the making of sausage and the making of legislation." It seems the "Iron Chancellor" was wise beyond his years.

So, like any sausage, we need to await the healthcare bill and its stuffing of "pork." Until the package is unveiled (later this week), Democrats should hope we don't get any more peeks inside Emmanuel's or anyone else's legislative approaches...

And, the Ides of March Are Upon Us!

Healthcare reform still has not passed. Will we ever see it happen?

As we approach yet another week in the drawn-out battle known as healthcare reform, the middle of March has historically been an interesting point in literature. As we all recall from our high school English class of reading Shakespeare's *Julius Caesar*, Caesar himself was warned to "beware of the ides of March" right before he was killed by Brutus. The "Ides" were a yearly festival in Ancient Rome dedicated to celebrating the Roman God of War – Mars – on March 15. As the Ides of March 2010 loom on the horizon, we consider whether healthcare reform will ever pass or if we are seeing a tragic Shakespearean ending.

While it seems that healthcare reform is at last entering the grand finale with the Senate's decision to proceed with the use of reconciliation to pass their bill, we must remember that we've been here before. In the last eight months, we've had at least seven times when the light at the end of the tunnel was declared, including the following moments:

- **July 28:** "Healthcare endgame on Capitol Hill" (Reuters)
- **Aug. 21:** "Analysis: Health care endgame near but uncertain" (AP)
- **Oct. 14:** "Senate, administration begin healthcare endgame as Dem leaders express unity" (The Hill)
- **Oct. 25:** "Senators say health care bill endgame is in sight" (Politico)
- **Oct. 30:** "Health reform inches closer to endgame" (The Washington Post)

- **Nov. 23:** “The Health Care Endgame” (NPR)

Is healthcare reform the great mirage of our generation? Many have worked tirelessly to achieve it and while it has been within our grasp, it still eludes us. Although the Senate will likely pass a health package through reconciliation, it is going to be a very rough battle in the House to gain passage of a reconciliation bill.

Though the House of Representatives passed their original healthcare bill by a narrow 220-215 vote in November, much has changed in the last four months. The lone Republican (Rep. Joseph Cao – R-LA) is now a “no” vote, one supporting Democrat has passed away (Rep. John Murtha – D-PA), and three Democrats have resigned (Rep. Robert Wexler – D-FL; Rep. Neal Abercrombie – D-HA; and Rep. Eric Massa – D-NY). After taking into consideration the changes in membership that occurred in recent weeks, the current vote tally would be 216-215, and that is ***IF AND ONLY IF*** all the other Democrats vote the same way they did in November. After considering shifting political tides during the last four months – illustrated by Senator Scott Brown’s (R-MA) shocking Senate victory – it is clear that other Democrats may be more hesitant to follow Nancy Pelosi’s lead.

So, what does this mean? Yet another healthcare stalemate, but this time in the House? Making matters more complicated for the Dems are the key differences the Senate’s bill contains related to abortion. While the House bill contained a special provision - known as the “Stupak Amendment” after Representative Bart Stupak (D-MI), which prohibited funding abortions with federal aid, the Senate bill did not include such language. As a result, the more conservative Stupak and ten other Congressmen have vowed to vote against any bill that does not restrict federal abortion coverage. But, do they have the votes?

We should not forget the powerful force of Speaker Pelosi who will likely cash in any political capitol she has been saving up to garner votes along the way. She cannot argue with the arithmetic going against her. And, complicating Pelosi’s situation is the 2010 midterm elections. While Democrats easily hold the majority in the House, it should be noted that more than 40 House Democrats hail from districts that John McCain won during the 2008 election and another 32 are from areas Barack Obama barely carried. With 176 members from districts that could be considered “pro-Obama,” that still leaves Pelosi behind the 216 votes she will need to pass a healthcare bill. But, we will all wait and see...

I have no doubt the House will create a deal with the Senate and pass a bill that will be sent back to the Senate for a reconciliation vote. Obama’s cancellation of his Asia trip for next week is a sure sign that a “collaboration” between the House and Senate is in the works. Who knows what back office mechanics contributed to the final deal? Perhaps we can all read about it in the history lessons of the future. But for now, watch and learn...

So, we should take a page from Shakespeare and remind ourselves of the Ides of March? Like Julius Caesar, healthcare reform could see a demise, but then again, maybe not...

The Midterm Microscope

The second installment of my ongoing look at the 2010 midterm elections.

Since my last discussion on the midterm elections a few weeks ago, there have been some significant developments throughout the country. Let’s take a look at some of the more notable examples.

Texas – Arguably the most noteworthy development on the road to 2010 in the past month was the Republican primary in the Texas gubernatorial race. Pitting incumbent Governor Rick Perry against Senator Kay Bailey Hutchison, the primary was an ugly contest between two Texas heavyweights. Despite much skepticism of Perry’s ultraconservatism (he once advocated for Texas to withdraw from the United States) combined with the fact he has already served two-terms as governor (no governor has served longer than two terms in Texas’ history), he was able to defeat “KBH” by branding her as a *Washington insider*. Playing off of the current skepticism and fear that many have for our nation’s capitol, Perry’s campaign will likely serve as a playbook for Republicans this election season...

Florida – Speaking of interesting Republican primaries, the race for the GOP’s nomination in Florida’s senatorial election is one of the most high-profile elections of the season. Featuring incumbent Governor Charlie Christ, a moderate, squaring off against the former Speaker of the Florida House and conservative, Marco Rubio, the race has garnered widespread awareness. While entering the primary months ago, nearly everyone assumed that Christ, a popular governor, would cruise to victory. Meanwhile, the young and handsome Rubio was able to attract national attention from conservative media outlets before staging a surprise comeback and now leads by more than 30 points in a poll released last week. By hammering Christ for his support of President Obama’s agenda, Rubio’s campaign has also illustrated the distaste many Americans are feeling for Washington. If Rubio wins, keep his name in mind for future office someday...

Arkansas – In the same vein as the above-mentioned primaries that are positioning Republicans against Republicans, Arkansas is doing the same thing – but, the Democrats are dueling. Following months of considering whether or not he should throw his name into the ring, Lt. Governor Bill Halter announced his plans to challenge incumbent Senator Blanche Lincoln (D-AK) in the senatorial primary. Lincoln’s poll numbers are way down, and she is seen as vulnerable. Supported by many liberal groups, Halter is seeking to provide an alternative to voters who increasingly view Lincoln as an “inside the beltway” candidate...

California – And then there’s the Golden State where if the GOP had their way, 2010 could be the “year of women.” In both the state’s gubernatorial and senatorial races powerful women are seen as the frontrunners. First, Meg Whitman, a widely respected former CEO of E-Bay, is seeking the role of Governor. She wants to resolve the state’s fiscal crisis. Against Whitman? An icon of California politics, the former Governor Jerry Brown, who holds high name recognition. Then, in the Senate race, former CEO of Hewlett-Packard, Carly Fiorina, will likely be paired against incumbent Senator Barbara Boxer. Though Boxer currently polls ahead of Fiorina, the California race is a great example of women playing a more prominent role in American politics.

How Low Can He Go?

A new Gallup poll this week shows Obama at his lowest point since being elected.

Though 2010 is less than a quarter completed, the year is not shaping up as President Obama’s best. Released on Thursday, the new Gallup poll numbers were not a welcome sign for Obama. President Obama showed a razor thin [46 percent approval rating](#), and the poll found that 45 percent of the American people now disapprove of the job he has done. A far cry from last year at this time when his approval rating was 62 percent and his disapproval was 27 percent, this week’s poll marked the lowest rating of the short-lived Administration.

And, a big reason for Obama's plunge in the polls relates to healthcare reform. The process has dragged on longer than anyone could have ever imaged. A [recent Gallop poll](#) showed 48 percent of the American people opposed to Obama's healthcare plan with 45 percent still in favor. Why are they opposed? First, 20 percent believe it would raise the cost of insurance. Second, 19 percent believe the President's plan did not address the real problems currently plaguing healthcare. And third, 8 percent said they needed more information or were not clear on how the proposed changes would work. Clearly, these are not welcome signs for the President's senior staff who have worked tirelessly to sell the White House's reform efforts.

With the 2010 midterm elections just around the corner – where Republicans are expected to pick up a significant number of seats – the new polling numbers show President Obama has major problems. Having to deal with two overseas wars and the worst recession since The Great Depression, the once unstoppable Senator could be in a rut. Let's wait and see...

Proposed Rules for EHR Certification Released

Recently, the Department of Health and Human Services released their proposed rules for establishing certifications programs for health information technology.

This week, the Department of Health and Human Services announced the release of their [proposed rules](#) for establishing certification programs for health information technology programs. As mandated by the Health Information Technology for Economic and Clinical Health Act (HITECH) from last year's stimulus package, the proposed rules are meant to "give purchasers and users of EHR technology assurances that the technology and products have the necessary functionality and security to help meet meaningful use criteria."

The rules delineate how an organization can receive government certification for their EHR systems in order to receive federal incentive payments for healthcare providers who demonstrate "meaningful use" of a certified EHR. Two programs will certify EHR systems:

- A temporary program will be instituted that allows providers to test their EHR capabilities and time to adopt certified systems to gain federal incentive payments
- A permanent entity will be created to oversee and run the certification process.

Following the release of the proposed rules, the Office of the National Coordinator will enter a 30-day holding period for public comment with the intent of finalizing rules by April 9. Following a 60-day comment period, permanent implementation is expected by May 10.

The Good, The Bad, and The Ugly

The continuing saga...

The Good: We are witnessing historic considerations in the House and Senate on healthcare reform. The drama is comparable to The Watergate Hearings, from my perspective, except that it's not gavel-to-gavel hearings – it's all occurring in the backrooms. We should all listen and watch attentively this week as the process unfolds. Major policy changes like this don't come around but once or twice in a lifetime...

The Bad: A moment of pain for many of us is April 15, or Tax Day in the United States. While paying your taxes is not always pleasant, it's an important part of being an American.

But, due to the recession, the budget shortfalls for most states are huge!! The states are now talking about deferring repayments of refunds to create a positive cash flow. It's just another sign of how the recession is impacting all of us...

The Ugly: On Friday, French President Nicolas Sarkozy lashed out against the U.S. for setting the wrong example on protectionism. Following the EADS (a French subsidiary of Airbus) decision to drop out of a \$50 billion bid to supply the U.S. with planes, France claimed foul play, arguing that the current law is biased toward American manufacturers.

For Past Updates and Twitter Thoughts

Keep those cards and letters coming...

For those who are sending in questions, please note that we are posting answers on *The Washington Report* Web site (see below). Keep those cards and letters coming. They are appreciated. For past editions of *The Weekly Washington Report*, go to: <http://www.perotsystems.com/MediaRoom/WashingtonUpdate/default>. Also, follow me on Twitter at <http://www.twitter.com/MDkev>. To email me directly, go to Kevin_FickenscherMD@dell.com. As always, more later...

Kevin Fickenscher, MD

The views and opinions expressed herein are my own and do not necessarily represent the views and opinions of Dell Perot Systems or its affiliates.