



Health Care Bill – Yay or Nay?

“This is what change looks like” – President Barack Obama

President Barack Obama made history once again as House Democrats voted 219-212 on 21 March to send legislation to the President that would extend health coverage to 32 million uninsured Americans; reduce deficits and ban insurance company practices such as denying coverage to people with pre-existing medical conditions. Despite Obama's young presidency, this milestone will enable the current administration to join those who were able to establish Social Security and Medicare for all Americans. As is typical to the political arena and whilst the vote in the House of Representatives is over, the new health care bill has sparked a debate specifically as it relates to its implications on Americans as taxpayers, as well as mid-term elections carded for November 2010.

The passing of the recent health care bill marks the biggest change to the US healthcare system in decades and is the most significant victory for the President since he took office 14 months ago. According to a recent analysis done by the Health and Human Services Department, the overall US medical bill is expected to account for an estimated 21% of gross domestic product in 2019, 3% higher than today, with or without reform.

Supporters of the new reform bill argue that the expanded coverage is a bargain if considered in the reform's wider framework. According to the Congressional Budget Office (CBO), the expansion of coverage would cost the government an extra USD172 million in the year the new law takes effect, equivalent to an estimated USD5,375 per newly insured person. For individuals who do not have employer-sponsored coverage, reforms can result in the cost of a given amount of insurance declining by 10%-30%. Premiums are expected to change marginally for individuals already in employer-based plans. When the new bill's key provisions take full effect in 2019, the nation's overall spending on health care is projected to be USD25 billion more than if no health care bill is passed.

Critics claim that the new plan will follow a familiar pattern as with the introduction of Medicare in the 1960s. A new entitlement was extended in this program without clear cost control mechanisms, which resulted in outstripping of spending over expectations. Indeed, the government will be expanding Medicaid to millions of families just above the poverty line while extending subsidies to millions more to help comply with the mandate to buy insurance. Medicare was created in an attempt to address the fact that many older citizens have medical bills significantly higher than the rest of the population, while it is much more difficult for most seniors to continue to earn enough money to cover those bills. Medicaid is a federal program for low-income, financially needy people, set up by the federal government and administered differently in each state. Neutral observers have raised questions about whether Obama's planned Medicare savings will materialize - a vital

factor to keeping his plan deficit-neutral.

In this writer's opinion, with the number of poor rising steadily in the US, the healthcare bill could not have come at a better time. This marks a great victory for President Obama as despite the drop in his approval ratings in the last few months, the President was still able to get the bill passed from the house without any substantial problems. This is a very important bill for the poor people of United States as after more than a hundred years, people who have been struggling because of poverty, will get health coverage. Mostly the affluent in U.S were able to pay the high cost of health insurance but now, with the help of this bill, the majority of the US population will be able to enjoy the benefits of this essential service.

On Thursday, 25 March 2010, the U.S. House of Representatives passed the Senate-revised healthcare bill, which will now be sent to President Obama for his final approval. Together with the Senate bill already signed into law, Congress has passed the full set of healthcare legislation. The House passed the final piece of healthcare legislation, formally known as Reconciliation Bill, in a completely party-line vote of 220 to 207. House Speaker Nancy Pelosi and fellow Democrats stood up and applauded when the 'for' votes hit 216, enough for the measure to clear the lower chamber. The bill was sent back to the House on the same day (25 March) after the Senate struck down two minor provisions from it and then passed the updated version in a vote of 56 to 43. Under Congress rules, both chambers will have to pass legislations containing the same text, so the House needs another vote on the revised bill. The Reconciliation Bill would add more than USD60 billion in costs to the overall legislation that has already become the law of the land.

"We proved that this government - a government of the people and by the people - still works for the people." In the midst of a slowly recovering global economy and a wave of natural disasters throughout the world, it is indeed comforting to witness such remarkable change unfolding. Cheers to the "Obama family for finally offering American citizens what leaders of every other developed country began offering their respective citizens generations ago: healthcare, not as a privilege but as a fundamental right."

FINANCIAL & ECONOMIC INDICATORS

As at 31 March, 2010

<u>Exchange Rate/US\$</u>	<u>Closing Value</u>	<u>Previous Week</u>
Yen	93.47	92.73
Euro	1.35	1.33
Jamaica	89.54	89.63
Guyana	204.70	204.70

<u>Commodity Prices</u>	<u>Closing Value</u>	<u>Previous Week</u>
Crude oil (US\$/bbl)	83.76	80.53
Natural Gas (US\$/mmbtu)	3.93	4.02
Gold (US\$/Troy Ounce)	1,113.25	1,090.50

Eurobond Indices (As at 31-03-10)

JP Morgan EMBI+ (Basis points)	249
JP Morgan Central America and Caribbean Index (CACI) (YTD return %)	6.20

<u>Policy Interest Rates (%)</u>	<u>Closing Value</u>	<u>Previous Week</u>
United States	0.25	0.25
Euro Zone	1.00	1.00
Japan	0.10	0.11
Brazil	8.75	8.75
Trinidad	5.00	5.00
Jamaica	10.00	10.00
Barbados	2.50	2.50

<u>Market Interest Rates (%)</u>	<u>Closing Value</u>	<u>Previous Week</u>
US 90-day T-Bill	0.15	0.13
US 10-Yr Treasury	3.83	3.88
3-month UK Libor	0.65	0.65
Japan 90-day T-Bill	0.28	0.28
Brazil 90-day T-Bill	9.15	9.03
TT 90-day T-Bill	1.28	1.28
Jamaica 90-day T-Bill	9.92	9.92
Barbados 90-day T-Bill	3.30	3.27

Sources: Bloomberg, J.P. Morgan, CMMB Research Center, Central Bank of Trinidad and Tobago, Bank of Jamaica, Central Bank of Barbados

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