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Customized Briefing for Kimberly Barry-Curley

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## Leading the News

### Health insurance premiums rose five percent in 2009.

[USA Today](#) (9/16, Fritze) reports that the "average cost of a family policy offered by employers was \$13,375 this year, up 5 percent from 2008," according to the annual Kaiser Family Foundation (KFF) and Health Research & Educational Trust [survey](#). "By comparison, wages rose 3 percent over that period, the study said." The survey of "more than 2,000 companies also found that 40 percent of small-business employees enrolled in individual health plans pay annual deductibles of \$1,000 or more. That's almost twice the number who paid that much in 2007."

The [AP](#) (9/16, Murphy) notes that "employers picked up about 74 percent" of the \$13,375. Single coverage, meanwhile, "remained relatively flat at an average of \$4,824, with employers paying 84 percent." Notably, although the "2009 increases" outpaced inflation, they "represent much smaller growth than just a few years ago. Premiums increased anywhere from 10 percent to 13 percent from 2000 to 2004." Experts say premium growth "may be slower due to the recession and the possibility of healthcare reform, both of which make it harder for insurance companies to increase prices."

The [New York Times](#) (9/16, Abelson) "Prescriptions" blog explains that KFF's CEO Drew Altman said that "similar increases over the next decade would translate to the average policy for a family costing in the neighborhood of \$24,000 a year." And, although the "economic downturn has not yet resulted in a significant increase in the number of employers that have stopped offering coverage altogether," many companies in the survey "said they planned to continue asking employees to shoulder more of the cost next year. One-fifth of companies surveyed said they were 'very likely' to ask employees to contribute more toward the cost of premiums, and 16 percent said they were 'very likely' to increase the amount of the deductible."

Due to the recession, "22 percent of large employers and 21 percent of small employers offering health insurance to workers said they reduced the cost of health benefits or increased how much their workers had to pay through deductibles and co-payments," [CNNMoney.com](#) (9/16, Sahadi) reports. As for next year, the survey showed that "42 percent of all firms said they are likely or somewhat likely to increase what workers pay in premiums next year, while more than 35 percent said they would increase deductibles or worker copayments and share of drug costs."

The [Wall Street Journal](#) (9/16, Johnson, subscription required) also covers the study and points out that the findings are comparable

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to another recent [survey](#) by Mercer LLC, which found that 63 percent of employers are planning to ask their employees to take on a great portion of the premium costs.

**Data indicate Massachusetts has highest family coverage premiums in nation.** In a front-page story, the [Boston Globe](#) (9/16, A1, Weisman) reports that the KFF study data showed that "Massachusetts had the highest family coverage premiums in the nation -- an average of \$13,788 -- in 2008, the most recent year for which figures were available." In addition, a Globe survey found that Massachusetts' "major health insurers plan to raise premiums by about 10 percent next year. ... Overall, the state's "premiums are more than twice as high as they were 10 years ago."

## From NAHU

NAHU recently released a statement on the Census Bureau's figures of the [number of uninsured](#), as well as a statement on President Obama's [health care address](#).

## Legislation and Policy

### Obama reaches out to labor in healthcare fight.

President Obama delivered a [speech](#) to an AFL-CIO convention in Pittsburgh on Tuesday, which reports are casting as an attempt to bring labor further to his aid in the battle for healthcare reform. According to media accounts, the President's words were well received. Obama, the [AP](#) (9/16, Hananel) reports, was attempting to shore up "a key part of his political base," and in doing so "found a receptive audience at the AFL-CIO convention." The [Washington Post](#) (9/16, MacGillis) notes that any "anxiety" about "Obama and congressional Democrats making concessions on some of its top priorities evaporated on Tuesday as Obama rallied a big crowd at the AFL-CIO's convention."

Besides describing the President's tone as pugnacious and his message as sharper than it was during the summer, media analysis tend to cast the Obama's pitch as geared toward middle-class taxpayers. [NBC Nightly News](#) (9/15, story 4, 2:40, Guthrie), the only network to note the President's visit to Pittsburgh, reported that he showed a "fighting spirit" as he addressed "a friendly labor audience," and Obama offered "an impassioned itch for healthcare reform."

The [Pittsburgh Post-Gazette](#) (9/16) reports that Obama "promised to grow the middle class by 'finally providing quality, affordable health insurance in this country,'" and "cited statistics indicating families are paying more for health insurance premiums. He said his plan would provide more security and stability to Americans who have insurance, and slow the growth in costs for businesses and the government." The [Wall Street Journal](#) (9/16, Weisman, subscription required), [The Hill](#) (9/16, Youngman), and [AFP](#) (9/16) run similar reports on Obama's appearance.

### Democrats pan Sen. Baucus' compromise reform proposal.

Reports on the unveiling of Sen. Max Baucus' (D-MT) compromise Senate Finance Committee healthcare reform package cable news networks and in this morning's papers emphasize the opposition to many of its provisions from both Democrats and Republicans. Sen. Baucus is seen as unlikely to get any Republican votes in committee, and several Democratic Senators stated that they would not support any legislation that resembles the Baucus plan.

Sen. Baucus, in an op-ed for the [Wall Street Journal](#) (9/16, subscription required), describes the case for his plan. He claims that his bill would reduce the federal deficit within the next decade, while expanding coverage and reining-in insurance industry abuses. The [Washington Times](#) (9/16, Haberkorn) reports that Sen. Jay Rockefeller (WV), the second-ranking Democrat on the Senate Finance Committee, said Tuesday that he "would vote against a compromise healthcare reform proposal because it does not include a public insurance plan." The Times notes that "if the bill has no Republican support, Mr. Baucus can only afford to lose one Democratic vote if he hopes to get the bill out of committee."

According to the [New York Times](#) (9/16, A20, Pear, Herszenhorn), Sen. Ron Wyden (D-OR) "said he doubted that subsidies in the Baucus bill would be enough to enable middle-income people to buy insurance without straining family budgets." Meanwhile, Sen. John Kerry (D-MA) "challenged Mr. Baucus' plan to help finance coverage of the uninsured by imposing \$4 billion a year in fees on manufacturers of medical devices and diagnostic products."

## **LATimes supports federal, state bills protecting against health insurance rescission.**

In an editorial, the [Los Angeles Times](#) (9/16) criticizes health insurance rescissions and "other techniques that insurers use include denying policies to people who previously suffered a serious ailment, or tailoring coverage to exclude unusual and costly conditions." The Times supports federal healthcare bills that "would eliminate these problems" and also advocates that California legislators pass a state bill which would "give consumers more protection against rescissions." Insurers are against the California bill, but the Times argues that they "have little credibility on this issue." Last year, California Gov. Arnold Schwarzenegger (R) "vetoed a similar bill...offering a conflicting jumble of complaints. The Legislature has given him a chance to redeem himself, and he should take it."

## **Sen. Reid again says he may have "no alternative but to use reconciliation."**

[The Hill](#) (9/16, Rushing) reports that Senate Majority Leader Harry Reid (D-NV) "struck a cautiously optimistic tone" and said that "the delicate, prolonged negotiations among six bipartisan members of the Senate Finance Committee will produce a bill 'tonight or tomorrow,' which will be merged with the bill passed in July by the Health, Education, Labor, and Pensions (HELP) Committee." Sen. Reid "said the bill will be open to Republican amendments and coordinated with the White House. If necessary, the majority leader said he would use the controversial legislative tactic known as reconciliation." Reid said, "If we can't get the 60 votes we need, then we'll have no alternative but to use reconciliation. I strongly favor a bipartisan approach."

## **Democrats blame Obama speech for lingering confusion over public option.**

[Roll Call](#) (9/16, Koffler, Newmyer) reports that, according to Democratic members of Congress and their aides, the President's address to Congress last week speech to Congress last week "left some wounds festering and caused new ones to open." While "generally pleased with the speech," Democrats "say that on some issues it has created new confusion." Roll Call adds that "Obama failed to come down clearly on either side of the public insurance option debate -- giving the idea a ringing endorsement while suggesting that it need not be included in legislation." A "top House Democratic aide" is quoted as saying, "Generally with regard to the public option and everything else, they haven't provided a great deal of guidance or follow-up about what these things mean."

## **Healthcare reform said to entail major trade-offs for young adults.**

The [Washington Post](#) (9/16, Murray) reports, "In a campaign-style rally" Thursday at the University of Maryland, President Obama "will aim to tap his richest vein of support -- voters younger than 30 -- to help sell his reform plan to a more skeptical general public." The Post adds, "For many of those people, healthcare reform would offer the promise of relatively inexpensive individual policies, which do not exist in many states today. The trade-off is that young people would no longer be permitted to bet on their good health: All the reform legislation before Congress would require individuals to buy at least minimal coverage."

## **Bloomberg poll finds Americans favor Obama's goals 48 percent-42 percent.**

[Bloomberg News](#) (9/16, Jensen) reports, "Americans overwhelmingly approve of President Barack Obama's goals for remaking the US healthcare system even as they express skepticism he can achieve them, according to a Bloomberg News poll. More than 8 out of 10 people support covering the uninsured, curbing costs, creating an insurance-purchasing exchange, and preventing insurers from dropping coverage or refusing to accept people with preexisting medical conditions." However, "Americans are less sure of the plan as a whole." Over 50 percent "say they don't think Obama can fulfill promises such as passing legislation that doesn't add to the federal budget deficit, preserving the Medicare trust fund, and producing savings to help pay for drugs for Medicare patients." The Bloomberg poll conducted Sept. 10-14 "finds that 48 percent of respondents favor Obama's plan, while 42 percent oppose it."

## **Gaps seen as shaping terrain for healthcare debate.**

In an op-ed in [The Hill](#) (9/16), Mark Mellman of the Mellman Group asserts that "two gaps are shaping the terrain for the healthcare debate." The first is "the gap between the number who are dissatisfied with the" healthcare "system generally and those who may feel the same, but are satisfied with their own coverage." The second is "the gap between the majorities who favor the specific elements of the

President's plan and the minority who say they support the plan when it is not explained, but merely identified as the President's plan." Arguing that "passing reform requires bridging both of these gaps," Mellman calls on voters "to believe that they can keep their own healthcare arrangements, even as the system is reformed," and "to know enough about the content of the President's plan to support it."

## Public Health and Private Healthcare Systems

### Stark takes issue with AHIP's Medicare Advantage report.

[Modern Healthcare](#) (9/16, DoBias, subscription required) reports, "A Democratic leader in the House has bashed a [report](#) from America's Health Insurance Plans (AHIP) that found Medicare Advantage (MA) beneficiaries receive better-quality care than those enrolled in traditional fee-for-service plans." In a written [statement](#), House Ways and Means Health Subcommittee Chair Pete Stark (D-CA) alleges that the report's "attempt to portray taxpayer overpayments to MA plans as indispensable for low-income, minority Medicare beneficiaries" is untrue. According to Rep. Stark, the overpayments "to private insurers increase premiums for all Medicare beneficiaries to pad the pockets of insurance companies." The AHIP study found that MA enrollees "had fewer days hospitalized," lower rates of readmissions, and better preventive care. Notably, under "a broad health reform proposal in the House, MA would be trimmed by more than \$156 billion over the next decade."

[CQ HealthBeat](#) (9/16, Norman, subscription required) notes that AARP VP John Rother "said the seniors' group advocates better preventive care and fewer hospital readmissions, as were found" in the AHIP study. MA plans that "deliver high-quality care should receive bonus payments, Rother said. ... 'We believe this study underscores the fact that private plans in Medicare can achieve savings without relying on billions in excess government payments.'" AHIP CEO Karen Ignagni "said the entire Medicare program should be evaluated. 'However, seniors in MA should not be forced to fund a disproportionate share of the costs to reform the healthcare system.'"

### Blue Care Network unit to buy Physicians Health Plan of Mid-Michigan.

The [AP](#) (9/16) reports that Blue Care Network, a unit of Blue Cross Blue Shield of Michigan, "announced Tuesday it's buying the membership of Physicians Health Plan of Mid-Michigan." The HMO is owned by Sparrow Health System.

The [Detroit News](#) (9/15, Rogers) reported, "The transaction will require approval from state insurance regulators and health department officials, but Blue Care Network hopes to finalize the sale by the year's end." Under the deal, Blue Care Network "will acquire several Physician Health Plan subsidiaries, including a Medicaid HMO."

### CMS says Louisiana owes \$362 million for Medicaid overpayments in 1990s.

The [New Orleans Times-Picayune](#) (9/16, Jan Moller) reports that Louisiana "owes \$362 million for overpayments made to the state-run charity hospitals in the 1990s, federal health authorities decided this week." The formal notification by the federal Centers for Medicare and Medicaid Services "comes after years of negotiations between the state and federal government, and state Health and Hospitals Secretary Alan Levine said it was not unexpected." Levine said Louisiana "will appeal the ruling, and said he is confident that at least \$76 million will eventually be forgiven." The overpayments date to the mid-1990s, when the state made a series of Medicaid "disproportionate share" payments to the state-run charity hospitals that exceeded their cost of providing care to uninsured patients.

### Pharmacists look to block Medicaid drug pay rule.

[American Medical News](#) (9/15, Trapp) reported, "Washington Pharmacists are urging lawmakers to rewrite a Bush Administration rule that would reduce their Medicaid payment for many generic drugs to below acquisition costs, possibly reducing Medicaid enrollees' access to prescriptions." The rule "would have lowered the pay for many generic Medicaid drugs to less than what the drugs cost pharmacists, according to a 2006 Government Accountability Office report," but "a federal court and then Congress" issued "a moratorium against the rule in July 2008. The moratorium expires Oct. 1." The American Medical News notes that "pharmacists may be able to breathe easier under the Obama Administration. A CMS spokesman said the legal injunction against the rule is still in effect."

## Also in the News

## Patients' confidence in ability to pay for urgent care increases, survey finds.

[American Medical News](#) (9/16, Berry) reports that "patients' confidence in their ability to pay for needed care rose from March to July," according to a Thomson Reuters' Center for Healthcare Improvement [survey](#). The survey was conducted "four times between March and July, and over that period, average consumer confidence rose by 12 percent." A different set of 3,000 people was interviewed in each survey; and they were asked about "their expectations for the following three months -- whether they expected to have trouble paying for healthcare services, and whether they anticipating having to delay or cancel" doctor visits, tests, or surgery. The strongest improvement in confidence was for urgent care, with about 15-percent more people saying they could pay. In contrast, about eight-percent more felt confident they could afford routine care."

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