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Customized Briefing for Brett Houston

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[Leading the News  
Legislation and Policy](#)

[Public Health and Private Healthcare Systems  
Senior Market News](#)

[Consumer Directed Healthcare News  
Also in the News](#)

## Leading the News

### Possible Democratic defections leave fate of Baucus' bill uncertain.

The [Washington Post](#) (10/5, Connolly) reports Sens. Ron Wyden (D-OR) and John D. Rockefeller (D-WV) "have refused to pledge support for the healthcare reform bill scheduled for a vote this week" in the Senate Finance Committee, "underscoring the hard work ahead for President Obama as he tries to enact the most ambitious domestic policy legislation in more than a generation." Chairman Max Baucus (D-MT) "said he has the votes to pass the 10-year, \$900 billion bill out of the committee," but if "all 10 Republicans on the panel vote no, two Democratic defections would be enough to send Baucus and the Obama White House scrambling to regroup."

**Democratic leaders pressure moderates to support public option.** [Roll Call](#) (10/5, Drucker, Pierce, subscription required) reports moderate Senate Democrats "face increasing pressure to support a healthcare bill that includes a public insurance option, and many appear prepared to fall in line with Democratic leaders -- provided they are presented with a bill that can withstand public scrutiny in their home states." To "seal the endorsement of moderates, Democratic leaders are working to wrap the controversial elements of reform in a politically attractive message to the centrists' conservative-leaning constituents." Both Senate Democratic Conference Vice Chairman Charles Schumer (D-NY) and Majority Leader Harry Reid (D-NV) "indicated that state-specific or Senator-specific sweeteners might be added to secure centrist votes."

**Democrats face new hurdles as healthcare overhaul moves closer to fruition.** In a front-page story, the [New York Times](#) (10/4, A1, Pear, Herszenhorn) reported that after the Senate Finance Committee approves "its healthcare bill this week," Democrats will be "closer than ever" to a major healthcare overhaul. However, party leaders "still face immense political and policy challenges." For one, they must "combine rival proposals -- two bills in the Senate and three in the House." Moreover, Senate Democrats must address "intricate details" and are likely to face "big hurdles" as they seek to "secure the 60 votes needed to overcome a possible Republican filibuster." Policy challenges "are also daunting." Over the course of "one year, the Democrats are trying to restructure one-sixth of the economy," and writing a bill that "will affect almost every American, every business and every doctor and hospital in the country."

Similarly, [Politico](#) (10/3, Brown) noted that although Chairman Max Baucus (D-MT) "brought Congress closer than it ever has been to passing" comprehensive reform, the panel "didn't even come close to finishing" work on the bill, ending Friday with "long and complex" list of "unresolved" issues. Complicating the matter is that fact that the process has "begun to move to the discreet backrooms of the Capitol," where Senate Majority Leader Harry Reid (D-NV) will "begin huddling next week with other top Democrats to meld two competing Senate bills."

**House Democratic negotiations seen as hindered by party divisiveness.** [The Hill](#) (10/3, Soraghan) reported that House Democratic leaders, despite "60 hours worth" of "behind closed doors" caucus meetings in September, still have many "problematic issues...unresolved." The most "public debate is about the 'public option,'" as Speaker Nancy Pelosi "tries to mediate a burgeoning feud between liberals and centrist Blue Dog Democrats about what form the government-run plan should take in the legislation." But the "tax question" -- they "have not decided what taxes to raise, or whether to raise them at all" -- could be "even more divisive...pitting union allies

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against business-minded centrists who believe that a tax-the-rich strategy will backfire by hitting small business."

## Legislation and Policy

### Senate reform bill may contain provisions to address gender gap in healthcare.

[USA Today](#) (10/5, Hall) reports, "Women's health groups, legal organizations and some female senators are fighting for a host of little-known provisions in the healthcare legislation being debated in Congress that they say will dramatically improve healthcare and insurance coverage for women" as well as "correct longstanding inequities and offer more coverage to women at lower costs." However, "Some Republicans, such as Sen. Jon Kyl of Arizona, say basic policies shouldn't be required to include coverage for things that not everyone will use," such as maternity care. Sen. Barbara Mikulski (D-MD) said, "Women are discriminated against" in health insurance, adding, "We pay more and we get less, and often we are denied care." She "wants a final healthcare bill to require that policies cover preventive cancer screenings for women, such as mammograms and Pap tests."

### Connecticut officials ask insurers about mailings on healthcare debate.

The [AP](#) (10/3, Singer) reported that Connecticut Attorney General Richard Blumenthal and Healthcare Advocate Kevin P. Lembo "demanded to know Friday if the state's five largest insurance companies have sent policyholders information about a possible impact on Medicare of healthcare changes debated in Washington." Aetna, Inc., ConnectiCare, Inc., Anthem Health Plans of Connecticut, HealthNet of Connecticut, and UnitedHealth Group were asked "for information the companies may have sent regarding the impact of proposed legislation on Medicare Advantage and prescription drug programs" in response "to recent mailings by Humana, Inc. telling its Medicare customers that proposed federal legislation could slash their benefits."

***GOP threatens holdup of surgeon general's confirmation over CMS memo.*** [CQ HealthBeat](#) (10/2, Norman, subscription required) reported that the Obama Administration's nominee for surgeon general, Regina Benjamin, may have "a confirmation problem," as "an aide to Senate Minority Leader Mitch McConnell (R-KY) said that Republicans will withhold unanimous consent for Benjamin's nomination to proceed to a vote on the Senate floor unless a so-called gag order is lifted on health insurers." A letter from McConnell to Health and Human Services Secretary Kathleen Sebelius "said that members of the GOP won't consent to time agreements on nominees until the department revokes" a CMS memo that "forbids insurance companies from 'misleading' communications with enrollees about proposals pending in Congress to reduce funds for Medicare Advantage and Medicare Part D prescription drug plans." The memo stemmed from a Humana, Inc. mailing that "told enrolled seniors...that the health overhaul could harm 'millions of seniors and disabled individuals (who) could lose many of the important benefits and services that make Medicare Advantage health plans so valuable.'"

### Kaiser "calculator" estimates expected reform subsidies.

The [AP](#) (10/4, Alonso-Zaldivar) reported that proposed "new tax credits to help with premiums won't go far enough for everyone," according to a "new online tool from the Kaiser Family Foundation [that] illustrates the predicament." The Foundation's "Health Reform Subsidy Calculator provides ballpark estimates of what households of varying incomes and ages would pay under the different Democratic healthcare bills." Although the "legislation is still a work in progress and the calculator only a rough guide," the results "are revealing." For example, under the Baucus a bill, "a family of four headed by a 45-year-old making \$63,000 a year" would get a tax credit "of \$3,970 to help pay for a policy worth \$11,080. But the balance due -- \$7,110 -- is real money. Maybe it's less than the rent, but it's probably more than a car loan payment."

### Medical discrimination ban on insurers may not eliminate practice.

The [Washington Post](#) (10/4, Hilzenrath) reported, "Any healthcare overhaul that Congress and President Obama enact is likely to have as its centerpiece a fundamental reform: Insurers would not be allowed to reject individuals or charge them higher premiums based on their medical history. But simply banning medical discrimination would not necessarily remove it from the equation, economists and healthcare analysts say." If insurers are "prohibited from openly rejecting people with preexisting conditions, they could try to cherry-pick through more subtle means," such as "offering free health club memberships."

### Experts remain divided on best approach to cutting medical costs.

The [Philadelphia Inquirer](#) (10/4, Burling) reported that, according to experts, medical costs in the US "are high for a constellation of reasons involving relatively uncontrolled prices, insurance that masks real costs from consumers, heavy use of technology, wide variations in care, and excessive administrative costs." But, healthcare experts remain "divided on the best approach" to cutting costs, "with some saying a more rational use of resources could curtail spending and others saying the only effective solution is price control." Elliott Fisher, director of the Center for Health Policy Research at Dartmouth, "thinks the key is making hospitals and doctors more accountable for

spending," while other experts contend that the US has "done a lousy job of controlling expenses compared with other countries."

## **Governors worry about costs of Medicaid expansion.**

The [Washington Post](#) (10/5, Murray) reports governors "are emerging as a formidable lobbying force as healthcare reform moves through Congress and states overburdened by the recession brace for the daunting prospect of providing coverage to millions of low-income residents." Senate Finance Committee Chairman Max Baucus' bill, which is expected to clear his panel this week, "calls for the biggest expansion of Medicaid since its creation in 1965." Whether Medicaid "can absorb a massive influx of beneficiaries is a matter of grave concern to many governors, who have cut low-income health benefits -- along with school funding, prison construction, state jobs and just about everything else -- to cope with the most severe economic downturn in decades."

## **San Francisco's "public option" has more than 46,000 members.**

The [Los Angeles Times](#) (10/4, Ganga) reported, "Over the last two years, three-quarters of San Francisco's uninsured adults have enrolled in a public program that guarantees access to medical services, an effort that is being touted as a national model during the rancorous debate over healthcare reform. More than 46,000 adults have enrolled in Healthy San Francisco since it was launched; this first-in-the-nation, city-run universal healthcare effort has received high marks in recent independent studies." Mayor Gavin Newsom calls the "public option...a strategy to provide healthcare regardless of your ability to pay, regardless of your preexisting condition."

## **Public Health and Private Healthcare Systems**

### **Medicare expected to see changes with health reform.**

The [AP](#) (10/4, Johnson) reports, "The congressional plans for healthcare overhaul could mean a major restructuring of Medicare" that "should save money," but seniors question if it can happen without cutting benefits. Cutting Medicare Advantage, which costs 14 percent more than regular Medicare, "means seniors covered by the plans may lose extra benefits like hearing aids and health club memberships," and some insurers may pull out, "forcing some seniors to switch plans." Still, "free preventive services would be more common in Medicare," and hospitals with the highest readmission rates would have reduced "Medicare payments for repeat visits that could have been avoided." There would also be "pilot programs to better coordinate care with the goals of saving money and improving quality."

**Some may benefit from changes to prescription drug plans.** The [Los Angeles Times](#) (10/5, Oliphant, Geiger) discusses how healthcare reform could affect prescription drug plans using a question-and-answer format. In response to questions about rationing, "Democrats argue that there is rationing in the current healthcare system, in part because insurance companies can rate consumers on the basis of preexisting medical conditions or drop them if they get sick." Furthermore, "some consumers could end up with more coverage" because "private companies seeking to participate in the new insurance exchanges...would have to offer prescription drug coverage as part of their essential benefits package." Furthermore, "the overhaul proposals in Congress improve the drug benefit by reducing the so-called coverage gap or doughnut hole that exists for recipients of Medicare Part D" by cutting by 50 percent the prices of drugs that fall within the gap.

### **FTC, Justice Department merger-guideline review may impact insurance industry consolidation.**

[American Medical News](#) (10/5, Silva) reports, "The Federal Trade Commission and the Justice Dept. announced Sept. 22 that they will solicit public comments and hold joint public workshops to explore the possible update of the horizontal merger guidelines, which cover acquisitions between firms operating in the same market." The guidelines are used "to evaluate the potential competitive effects of mergers and acquisitions and to decide which should be allowed to proceed." FTC chair John Liebowitz noted that "the bulk of the merger guidelines is over 17 years old." For its part, "the American Medical Association plans to submit comments and will ask to participate in the workshops." AMA President-elect Cecil B. Wilson, MD, stated that "AMA data consistently show that current health insurance markets are highly consolidated, which is not in the best interests of patients or physicians."

### **Medicare Advantage premiums to rise.**

[McClatchy](#) (10/3, Galewitz) reported Medicare Advantage plan beneficiaries "can expect to pay average premiums of about \$39 a month next year, a \$7 increase from this year, according to data" released by CMS last week. The details "also showed that about 660,000 seniors -- nearly 7 percent of Medicare Advantage members -- will have to change plans or enroll in traditional Medicare because some insurers are dropping coverage."

### **CMS gives additional \$6.3 million to SHIPs.**

[CQ HealthBeat](#) (10/2, subscription required) reported that the Centers for Medicare and Medicaid announced that the State Health Insurance Assistance Programs will receive an additional \$6.3 million as "part of some \$49.6 million that went to SHIPs in 2009." The programs "assist seniors in making decisions about Medicare benefits and Medicare prescription drug plans." Of the additional money, \$4.8 million is for "supplemental funding to the basic grant money appropriated by Congress for fiscal year 2009 and \$1.5 million for performance-based awards to SHIPs."

## Senior Market News

### Medicare, state cuts leave nursing homes in precarious financial position.

The [AP](#) (10/5, Collins) reports the nation's nursing homes "are perilously close to laying off workers, cutting services -- possibly even closing -- because of a perfect storm wallop from the recession and deep federal and state government spending cuts, industry experts say." A Medicare rate adjustment "that cuts an estimated \$16 billion in nursing home funding over the next 10 years was enacted at week's end by the federal Centers for Medicare and Medicaid Services -- on top of state-level cuts or flat-funding that already had the industry reeling." Some facilities "are now closed because of money problems -- including four in Connecticut -- and others have laid off workers because of what industry officials say are inadequate Medicaid reimbursement rates."

## Consumer Directed Healthcare News

### Pennsylvania workers pay less; employers pay more than national average for health coverage.

The [Pittsburgh Post-Gazette](#) (10/5, Toland) reports that Pennsylvania "workers paid a bit less than the national average toward their health insurance coverage last year, but their employers paid above-average premiums," according to data from the Agency for Healthcare Research and Quality (AHRQ). In Pennsylvania last year, employees "contributed an average of \$852 toward their individual health policy. The national average is \$882." For family health policies, employees "contributed an average of \$2,971"; and the national average "was a \$3,394 contribution." Meanwhile, private-sector businesses "faced an average of \$4,499 in total premiums per individual employee, above the national average of \$4,386 per year." And, the average "total premium for a family plan in Pennsylvania was \$12,339, above the national average of \$12,298."

## Also in the News

### BLS data show healthcare industry continues to see job growth.

[Modern Healthcare](#) (10/2, Carlson, subscription required) reported that in September, while the economy pushed overall unemployment "to a 26-year-high, at 9.8 percent," the healthcare workforce added an "estimated 19,200 jobs. ... Preliminary seasonally adjusted figures from the Bureau of Labor Statistics (BLS) show the healthcare sector growing by 0.14 percent in September." The [BLS data](#) indicate that physician-office staffing "grew by about 0.2 percent in September"; a year ago, it grew "by about 0.3 percent." Home healthcare services "grew by 0.4 percent in September," which was "the same percentage as a year ago." Hospital employment, however, only "grew 0.1 percent" in September compared to last year's growth of "about 0.2 percent." Still, in the "past 12 months, hospitals, physician offices, and home healthcare agencies added 49,600, 51,700, and 58,700 jobs respectively," and the industry as a whole "added 283,300 in that time."

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