

Kim Barry-Curley | Director of Business | New England Employee Benefits Co., Inc. | 15 Chenell
Dr. Concord, NH 03301 |603.228-1133|www.neebco.com

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Subject Nov. 4: Senate Health Bill Could Be Pushed To
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November 4, 2009

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Leading the News

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Senate Democrats indicate health reform could be pushed to 2010.

The [AP](#) (11/4, Espo) reports that Senate Majority Leader Harry Reid (D-NV) "signaled Tuesday that Congress may fail to meet a year-end deadline for passing healthcare legislation, leaving the measure's fate to the uncertainties of the 2010 election season." The statement was "a blow to the White House," according to the AP. In a "weekly closed-door meeting of rank-and-file Democrats," Sen. Reid said, "We're not going to be bound by any timelines. We need to do the best job we can for the American people." Still, "Reid's office revised his remarks" later, saying that Congress could "still send a bill to the president by Christmas."

[ABC News](#) (11/4, Karl) reports that "Senior Congressional Democrats told ABC News [Tuesday] it is highly unlikely that a healthcare reform bill will be completed this year." Citing "a senior Democratic leadership aide" and "two other key Congressional Democrats," ABC notes that the news "may come as an unwelcome surprise for the White House." The [Washington Times](#) (11/4, Haberkorn) calls the development "a blow to President Obama's top legislative priority."

[Time](#) (11/4, Tumulty) attributes the delay to Sen. Reid "struggling to line up the 60 votes that are needed to overcome a potential filibuster." On Tuesday Reid "vowed to pass a bill 'as expeditiously as we can,' which is another way of saying it will probably be slow going over the weeks to come."

According to [Fox News](#) (11/4, Turner), "Putting the legislation together has proved exceedingly difficult, and most aides now say there is virtually no way a bill can get to Obama's desk this year." Democrats echoing Reid's "shift in position" include Sen. Chuck Schumer (D-NY), who said, "We will move with all deliberate speed." Fox calls his comments "a far departure from last week when he said that a healthcare bill would get done by Christmas."

[The Hill](#) (11/4, Rushing) notes, "Asked point-blank if a healthcare bill was possible by the end of the year, Reid told reporters he is pushing for a vote 'as expeditiously as we can.'" With Majority Whip Dick Durbin (D-IL), Reid "said their hands are tied until the CBO releases its cost estimate of the Senate bill."

[CQ Today](#) (11/4, Ota, subscription required) reports that "unresolved questions" to be addressed after the CBO report still include "how to pay for the overhaul, how the plan's costs will be tallied and what kind of subsidies should be provided to low-income uninsured Americans," according to Sen. Durbin. He also "blamed Republicans for stalling action and pointed to several other legislative matters that he said must be resolved."

[AFP](#) (11/4) notes that "pushing the fight to 2010 could complicate the delicate coalition-building needed to pass the bill because it is a midterm election year, when the entire House and one third of the Senate are up for reelection." Moreover, "Democrats face unique hurdles in the Senate, where they appear short of the 60 votes needed to overcome parliamentary delaying tactics and pass the bill." The [Wall Street Journal](#) (11/4, A5, Adamy, Yoest, subscription required), [Bloomberg News](#) (11/4, Litvan), and [CongressDaily](#) (11/4,

subscription required) also cover the story.

From NAHU

We know many of you have been extremely active with legislative issues and we want to thank you for your hard work and assure you it is making a difference. We are seeing some inroads on the legislative front and continue to work diligently with Congress to keep things on the right track.

The next few months will be the most intensive of times for our association's government affairs efforts. We have every reason to believe that health system reform legislation will move forward, and we need to preserve the role of agents and brokers and ensure continuance of the private market. It is for these reasons that we have decided to reinstate our Grass Roots Initiative Program. GRIP is a voluntary donation program created some years ago for our legislative expenses at the national level.

We are now soliciting both individual and chapter contributions to GRIP, and would greatly appreciate any additional help as there is still much to be done on the legislative and regulatory front. **Please click [here](#) to make a donation to GRIP today.**

Legislation and Policy

House GOP releases own healthcare bill.

The [New York Times](#) (11/4, A20, Pear, Herszenhorn) reports that House Republicans "have come up with an answer to Speaker Nancy Pelosi (D-CA), drafting an alternative healthcare bill that would reward states for reducing the number of uninsured, limit damages in medical malpractice lawsuits and allow small businesses to band together and buy insurance exempt from most state regulation." In its "opening section, the Republican bill, which has no chance of passing, promises to lower healthcare costs and expand insurance coverage 'without raising taxes, cutting Medicare benefits for seniors, adding to the national deficit, intervening in the doctor-patient relationship or instituting a government takeover of healthcare.'" The GOP bill is "is almost surely cheaper than the House Democrats' bill because, unlike that proposal, it would not expand Medicaid or offer federal subsidies to low- and middle-income people to help them buy insurance."

[Roll Call](#) (11/4, Dennis, subscription required) notes that people "with pre-existing medical conditions would pay up to 50 percent more than average for insurance coverage under a draft version of House Republicans' healthcare plan." According to the draft, "states would face a massive, partially funded mandate to subsidize high-risk insurance pools to cover people denied coverage by insurance companies with 'a stable funding source.' Those rates would be capped at 50 percent higher than average premiums for standard-risk insurance in a given state."

The [AP](#) (11/4, Werner) reports the House GOP bill is "230 pages long, compared with Democrats' 1,990-page measure. Unlike the Democrats' legislation it has no requirement for people to buy insurance and no prohibitions against insurance companies denying coverage to people with pre-existing medical conditions."

Democratic bills said to fall short on constraining costs.

The [Washington Post](#) (11/4, Connolly) reports that congressional Democrats "are embracing the spirit of President Obama's call to slow the runaway rise of healthcare costs but are shying away from some of the most aggressive techniques for achieving that." Instead of "revolutionizing how care is delivered and paid for, experts say, the legislation being shaped takes a cautious approach to reining in costs." Now, "as the debate reaches a critical juncture, many are worried that the president's ambitious hopes to constrain costs could result in tepid half-measures on Capitol Hill."

BCBS executive says exchanges, individual mandates will increase insurance costs.

The [AP](#) (11/4) reports that BlueCross BlueShield of North Dakota President Paul von Ebers "says healthcare reform measures in Congress would accelerate increases in insurance costs." He told the "legislature's interim Industry, Business and Labor Committee that the proposals require companies to offer more benefits than North Dakota customers usually buy." According to von Ebers, "premiums for small insurance groups would go up as much as 70 percent over five years"; and for the "youngest insurance

buyers...costs could double." Additionally, von Ebers says the "penalties for not carrying health insurance are relatively small. He predicts people will buy coverage when they're ill, and drop it when they're healthy," which will also serve to "drive up insurance costs."

CBO analysis refutes claims that antitrust-repeal provision would lower insurance costs.

[National Underwriter Life and Health](#) (11/4, Postal) reports that the CBO says the House health bill (HR 3962) provision to repeal "insurers' 'antitrust exemption' would do little to cut costs." The CBO released several reports, one of which states that "that repealing the limited antitrust exemption accorded health insurers and medical malpractice insurers under the McCarran-Ferguson Act 'will have no significant effect' on the premiums charged for private health insurance." The analysis refutes claims "by consumer groups that antitrust repeal could cut insurance costs by 20 percent"; and it suggests repeal proponents "exaggerated the effect of the existing provision on market concentration." If the bill would "prevent insurers from engaging in prohibited practices, it might do something to lower premiums," the CBO says, but state laws "already bar the activities" the House bill would "prohibit under federal law."

Lower insurance premiums for healthy behaviors could increase costs for some.

The [Los Angeles Times](#) (11/4, Hook) reports, "Some companies are charging lower insurance premiums to workers who meet benchmarks for healthy living. The Senate's healthcare overhaul legislation would expand the trend." Yet, "instead of cheering the proposal, some patient advocacy and health groups are worried that it could mean higher rates for less-fit Americans, possibly pricing them out of their employers' insurance plans." According to Dick Woodruff, senior director of federal affairs for the American Cancer Society, "It is a way of cherry-picking." Opponents of "the Senate proposal also say that giving special treatment to those who meet a company's fitness standards" could contradict Democrats' attempt to prevent "employers and insurers from discriminating against people on the basis of their health status and preexisting medical conditions."

Gerson says reform bills see young as the "main funding mechanism" for healthcare.

In his [Washington Post](#) (11/4) column, Michael Gerson says that in a recent conversation, the "founder of a large American corporation" said the "effect of proposed healthcare reform -- which limits the ability of insurers to charge higher premiums for older adults -- would be, he said, a large shift of America's healthcare burden to the younger generation." This is "not an unintended consequence of reform; it is the whole purpose. It is not a side effect; it is the main funding mechanism." Gerson writes, "Amazingly -- out of idealism, ignorance or both -- people in their 20s remain the strongest supporters of healthcare reform. They are also the group most likely to wake up the day after passage of ObamaCare with a health-reform hangover -- forced to buy coverage at higher premiums to reduce the cost of someone else's health insurance."

Coverage for legal immigrants a focus health reform debate.

The [New York Times](#) (11/4, A14, Preston) reports that, parallel to debate over health insurance access for illegal immigrants, Congress is "wrangling over how much coverage to provide for immigrants who have settled in the country legally." Many Democrats "want all legal permanent residents to be able to participate in proposed health insurance exchanges and receive subsidized coverage if they qualify," but Republicans "favor excluding immigrants who have been legal permanent residents for less than five years." They "argue that maximizing restrictions on legal and illegal immigrants will save money and prevent healthcare benefits from becoming a magnet that draws new migrants to the United States." Proponents, however, say "such exclusions...tend to defeat the cost-saving purposes of universal coverage."

Long-term care benefit included in House reform bill.

The [Wall Street Journal](#) (11/4, Mathews, subscription required) reports that the House healthcare reform bill includes a provision which would create a federal long-term care benefit, the premiums of which would be deducted from the employers of participating companies. The Journal notes that employees would be able to opt out, but the benefit would only go to those who had been paying into the system for at least five years. Some Democrats are pushing to get the program into the Senate bill, but Democratic centrists worry it could add to the deficit.

House health reform bill would dismantle CHIP.

The [Charleston Gazette](#) (11/4, Long) reports, "For the second time in a month, 14 million children in the Children's Health Insurance Program, including at least 25,000 West Virginia kids, are slated to be shifted into private insurance plans that are not required to provide equal benefits." The House of Representatives healthcare reform bill would "dismantle CHIP in 2013 and move most of the children into commercial insurance plans." The CBO says it would cost "\$15 billion more to serve the children with private insurance. Sen. Jay Rockefeller (D-WV) said Tuesday, "I simply don't think there's any reason to pay \$15 billion to dismantle a program that works and transfer millions of children into an uncertain, risky situation."

Public Health and Private Healthcare Systems

Health Net 3Q earnings exceed analysts' expectations.

In continuing coverage, the [Los Angeles Business Journal](#) (11/4) reports Health Net "posted a loss on Tuesday, as charges led to red ink, but, on an adjusted basis, the company bested analyst expectations." Health Net's [3Q earnings](#) report showed that the "company lost \$66 million, or 64 cents a share, which includes charges related to the sale of its Northeast US licenses to UnitedHealth Group," as covered in the July 21 briefing. Excluding the charges, the company "would have earned 67 cents a share," above analysts' estimates "of 61 cents a share."

The [Los Angeles Times](#) (11/4) "Earnings Roundup" says that Health Net's 3Q earnings were "helped by strong sales in the Western US and lower administrative costs." Its 3Q revenue rose "3.9 percent to about \$4 billion, helped by an increase in health plan services premium revenue, as well as higher revenue from government contracts." Total health plan enrollment, however, "fell 3.8 percent from a year earlier to about 3.6-million members." [Modern Healthcare](#) (11/4, Vesely, subscription required), [Dow Jones Newswire](#) (11/4, Stynes, Becker, subscription required), and [Reuters](#) (11/4) also cover the story.

Aetna completes purchase of Horizon EAP service.

The [AP](#) (11/4) reports, "Aetna, Inc. said Tuesday it has completed a \$70-million acquisition of employee assistance program (EAP) provider Horizon Behavioral Services LLC." Aetna, "which announced the deal in July, said Horizon will become part of Aetna Behavioral Health. The deal will not have a material impact on fourth-quarter earnings," said Aetna spokesperson Fred Laberge.

[National Underwriter Life and Health](#) (11/4) notes that Aetna bought Horizon "from Psychiatric Solutions. ... Horizon is the third-largest EAP provider" in the US. According to the [Hartford \(CT\) Business Journal](#) (11/3), Horizon "serves approximately 1,400 public and private employers with more than five-million covered employees worldwide. The company provides round-the-clock confidential phone and online consultations and referrals to more than 14,000 licensed clinicians."

Senior Market News

Baby boomers advised to purchase long-term care insurance.

Los Angeles ABC affiliate [KABC-TV](#) (11/3) reported, "Through their elderly parents, many baby boomers have seen how expensive long-term care can be. And as baby boomers get older, they are quickly becoming the prime candidates for long-term care insurance." Experts say that "it's not uncommon for those who buy long-term care policies to not understand the benefits, and when to file a claim." They recommend purchasing coverage which is affordable, ensuring that "there is an inflation rider to cover rising costs," and getting "lifetime benefits." They also note that while "long-term care insurance can be expensive, the younger you are when you buy it, the cheaper it is."

Also in the News

HMOs said to be planning significant 2010 premium increases despite strong 3Q earnings.

[Forbes](#) (11/4, Whelan) notes that although "most of the major managed-care companies" have announced strong 3Q results, the message "during this earnings season is that HMOs are focused on rebuilding margins, even if it makes insurance even less affordable." Goldman Sachs analyst Matthew Borsch "calls it 'the highest pricing trend in years.' The premium increases he's seeing are in the neighborhood of 13 to 15 percent for next year." Analysts say HMOs are concentrating on making up for operating profit margins, which "reached zero last year for the industry as whole." Moreover, the companies not only want recompense for the "higher costs" they incurred this year from COBRA, they must "cover rising ordinary medical costs that show no signs of slowing down." Barclays analyst Joshua Raskin predicts overall health spending in 2010 will "climb 9 percent."

Florida advocate calls for legislators to ban balance-billing.

The [AP](#) (11/4) reports Florida's Insurance Consumer Advocate Sean Shaw "said he is trying to find a lawmaker to help him ban a practice that sticks patients with big bills." Shaw wants to "do away with balance-billing," which occurs when "specialists who don't participate in an insurance network work in a hospital that does. When the insurer pays the specialist its in-network amount, the specialist bills the patient for the rest." Shaw said the practice "gives patients the choice of paying money that they shouldn't really owe or getting stuck between the insurer and the physician's billing clerk." He said he "has the backing of the insurance industry, which said it would strengthen networks and protect patients." Federal law "bars balance-billing of Medicare and Medicaid patients." In Florida, only HMO plans are prohibited from balance-billing.

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