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Today's News for the National Association of Health Underwriters from Newspapers, TV, Radio and the Journals

Customized Briefing for Brett Houston

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## Leading the News

### House passes Affordable Health Care For America Act 220-215.

The House passed [H.R. 3962](#), the Affordable Health Care for America Act, by a [220-215 vote](#) at 11:16 p.m. Saturday evening. Rep. Joseph Cao (LA) was the lone Republican to join 219 Democrats in supporting the bill, while 39 Democrats joined 176 Republicans in opposing it. About an hour earlier, the Republican alternative plan sponsored by Minority Leader John Boehner (R-OH) was rejected on a vote of [258-176](#), completely along party lines with the exception of GOP Rep. Timothy Johnson's (IL) vote against his party's measure. An amendment offered by Rep. Bart Stupak (D-MI) limiting abortion coverage in insurance policies, seen as crucial to getting anti-abortion Democrats to vote for the final measure, passed [240-194](#), with Republican Rep. John Shadegg (AZ) voting present. On that vote, 176 Republicans and 64 Democrats voted yea, while 194 Democrats voted nay.

The [AP](#) (11/8, Espo) reported that the "Democratic-controlled House narrowly passed landmark healthcare legislation," against "nearly unanimous" Republican opposition. The vote "cleared the way for the Senate to begin a long-delayed debate on the issue that has come to overshadow all others in Congress." According to the AP, a "triumphant Speaker Nancy Pelosi (D-CA) likened the legislation to the passage of Social Security in 1935 and Medicare 30 years later -- and Obama issued [a statement](#) saying, 'I look forward to signing it into law by the end of the year.'"

In a front-page story, the [Washington Post](#) (11/8, A1, Montgomery, Murray) added that "Democrats closed ranks" on the vote "after months of acrimonious partisanship." The Post also noted Rep. Cao's "surprise" vote, saying Cao, who represents "the Democratic-leaning district of New Orleans," had been "the target of a last-minute White House lobbying campaign."

The [Los Angeles Times](#) (11/8) reported, "After a day of testy, sometimes repetitive debate," the House passed "a landmark healthcare bill that would create a new role for the federal government in supplying insurance for almost all Americans." The [New York Times](#) (11/8, A1, Hulse, Pear) reported in a front-page story that Republicans "were united in their withering criticism of the proposal" throughout the daylong debate, portraying it "as a government takeover of medical care that would damage a struggling economy, lead to job loss and result in the rationing of healthcare." [Bloomberg News](#) (11/7, Jensen, Rowley), [McClatchy](#) (11/8, Lightman), the [San Francisco Chronicle](#) (11/8, Lochhead), the [Washington Times](#) (11/8, Haberkorn, Miller), [The Hill](#) (11/8, Soraghan, Allen), and [AFP](#) (11/8) also reported on the vote.

**Major hurdles said to remain on path of healthcare reform drive.** Media reports last night and this morning cast Saturday night's House vote on healthcare reform as a key step toward enactment of healthcare reform legislation. Analysts, however, say significant challenges remain as the reform push moves to the Senate. The [AP](#) (11/9, Alonso-Zaldivar), for example, reports that "the glow from a healthcare triumph faded quickly for President Barack Obama on Sunday as Democrats realized the bill they fought so hard to pass

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in the House has nowhere to go in the Senate." The Senate "won't run with" the House bill, because "the government health insurance plan included in the House bill is unacceptable to a few Democratic moderates who hold the balance of power in the Senate." [AFP](#) (11/9, Knox) notes that GOP Sen. Lindsey Graham (SC) said Sunday, "The House bill is dead on arrival in the Senate."

[NBC Nightly News](#) (11/8, lead story, 3:30, Holt) referred to the House vote as "a critical milestone," but cautioned that "the battle is far from over." Obama was shown saying, "Given the heated rhetoric surrounding this legislation, I know this was a courageous vote." NBC went on to point out that "though the President cleared a big hurdle last night, an even bigger one looms in the Senate where there's disagreement on public option and how to pay for all it."

In a front-page story, the [New York Times](#) (11/9, A1, Stolberg) describes the White House as increasingly "concerned that the Congressional timetable for passing a healthcare overhaul could slip into next year," and as result "stepping up pressure on the Senate for quick action." The Times adds that "the slim margin in the House...suggests even greater challenges in the Senate, where the majority leader, Harry Reid of Nevada, is struggling to hold on to all 58 Democrats and two independents in his caucus." The [Los Angeles Times](#) (11/9, Hook), [McClatchy](#) (11/9, Lightman), the [Wall Street Journal](#) (11/9, Adamy, Bendavid, subscription required), [The Hill](#) (11/9, Yager), [USA Today](#) (11/9, Fritze), the [Washington Times](#) (11/9, Lengell), and the [Washington Post](#) (11/9, Shear) also cover the story.

**From NAHU**

## Wisconsin to change how insurers underwrite individual health policies.

[American Medical News](#) (11/6, Berry) reported, "Wisconsin insurers will have to change the way they underwrite individual insurance following regulatory changes aimed at protecting people from unfair denials and policy rescissions." As consumers are increasingly driven to purchase individual health plans following the loss of their employer-sponsored coverage, Wisconsin Gov. Jim Doyle (D) "inserted the changes into the individual insurance regulations" in the state's budget. The changes include establishing "an independent review board responsible for examining claims denials and policy rescissions."

## Mental Health Parity Act takes effect for most insurance plans Jan. 1.

The [New York Times](#) (11/7, B5, Alderman) reports that for those with insurance including mental-health benefits, "a new federal law," the Mental Health Parity Act, "takes effect for most insurance plans on Jan. 1," which may lead to better coverage. Starting in 2010, "the law requires that group plans covering more than 50 people provide the same level of care for mental health and substance abuse problems as for medical ones." Under the Mental Health Parity Act, "insurers must provide you with written documentation of their criteria" for paying mental health claims, so consumers will "know in advance if" an "insurer will cover" a particular treatment, and "if an insurer denies [a] claim, it must explain why."

## Health reform bills allow insurers to charge older people more.

The [Los Angeles Times](#) (11/9, Oliphant) reports that "the far-reaching clampdown on insurers" in the health reform bills "leaves one highly controversial element untouched: the issue of charging higher premiums to older policyholders than to younger, presumably healthier consumers who are less likely to file costly claims." Both the House and Senate bills allow insurers "to charge middle-aged consumers at least twice as much as they do younger customers. And depending on the ultimate language of the Senate bill, insurers could be allowed to demand four or five times as much." While "advocates for older Americans argue that age rating amounts to discrimination," the "insurance industry argues that age rating is necessary to make coverage affordable for younger people, whose participation in the system is critical to keeping the overall costs of insurance down for everyone."

## Lesser-discussed provisions in House health reform bill detailed.

The [New York Times](#) (11/8, A30, Pear) reported that the House healthcare reform legislation passed Saturday includes provisions lowering "taxes for gay couples who receive health benefits from employers," as well as "nutrition labeling requirements for snack food sold in vending machines and many restaurants" and funds for "a new program to teach parents how to interact with their children." According to the Times, "Other provisions instruct federal officials to 'give priority' to construction of Indian health clinics in Minnesota, Nevada and New Mexico; provide scholarships for training veterinarians, among others; and require health plans to pay a fee - perhaps \$2 a year for each subscriber - to finance research comparing the effectiveness of different treatments."

## Leahy expects insurer antitrust exemption to be repealed in Senate reform bill.

[CQ Today](#) (11/9, Perine, subscription required) reports that Sen. Patrick J. Leahy (D-VT), "chairman of the Senate Judiciary Committee, is optimistic about his prospective floor amendment to the Senate's healthcare overhaul bill to effect a partial repeal of the federal antitrust exemption for insurance companies." Sen. Leahy said, "We can't pretend there is competition in the health insurance market. ... The insurance markets are broken. The states don't have the resources to do this." But according to CQ, "it's not clear whether he can muster the supermajority of votes needed to overcome potential procedural hurdles against his amendment on the Senate floor."

## Public Health and Private Healthcare Systems

## Hearing officer deems BCBS Michigan's Medigap rate increase "excessive."

The [AP](#) (11/9, Eggert) reports, "BlueCross BlueShield of Michigan should be allowed to raise rates nearly four percent on its Medicare supplemental policies, less than the 'excessive' 31-percent increase initially requested by the insurer," an independent hearing officer said

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Friday. "Musette Michael's recommendation was forwarded to the state insurance commissioner, who is expected to make a final decision in December." Notably, both the "state attorney general's office and the Michigan Office of Financial and Insurance Regulation fought BlueCross' 'Medigap' rate proposal during hearings. About 210,000 Michigan residents buy supplemental Medicare coverage from BlueCross."

According to the [Detroit News](#) (11/9, Aguilar), Michigan's Attorney General Mike Cox, "called the ruling 'great news' and said it would save senior citizens \$85 million in the first year." BlueCross "requested the rate hike in January as it tries to stem losses on the policies it sells to people without workplace medical coverage. The insurer said it lost about \$133 million in 2008" on such policies. Although state law allows BlueCross "to collect a one-percent subsidy fee," regulators say the insurer "is collecting only a portion of that. ... BlueCross contends that to collect the full subsidy, estimated at \$182 million a year, it would have to expand the fee to all groups, including Medicare Advantage and MiChild."

[Crain's Detroit Business](#) (11/9, Greene) quotes Helen Stojic, a corporate affairs director with BlueCross, as saying the company is "concerned with the hearing officer's interpretation of how the subsidy should be structured, and we will continue to advocate for a subsidy structure with the Insurance Commissioner that works effectively in providing for the long-term sustainability of affordable coverage for seniors."

Meanwhile, noted the [Detroit Free Press](#) (11/7, Anstett), Michigan's Insurance Commissioner Ken Ross "has until Dec. 6 to make the decision" on the rates, "unless appeals are filed. The rate hike could take effect as early as Feb. 1. If Ross lets the" initial 3.8-percent rate hike stand, monthly premiums for BlueCross' Medigap "would increase \$4.07 a month, from \$107 to \$111, not to \$146, as BlueCross had hoped." Notably, the new rate hike "comes on top of a 4.7-percent interim rate hike Ross approved that took effect Oct. 1."

## **Boston Hospital System may drop BCBS contract.**

The [Boston Globe](#) (11/7, Cooney) reported, "MetroWest Medical Center has told employees it may end its contract with BlueCross and BlueShield of Massachusetts unless the insurer narrows the gap in payments between the hospital and its competitors." In a letter obtained by the Globe, "leaders of the hospital and its physicians organization said rates paid for their services are as much as 40-percent lower" than what other providers receive. The letter said that "five months of negotiations have not produced an agreement on rates. ... The hospital is seeking higher reimbursements as part of an 'alternative quality contract.'" Still, hospital spokesperson Dennis Irish said that "negotiations with BCBS" are continuing; the "next session is scheduled for Monday." BCBS spokesperson Jay McQuaide "said the company does not publicly discuss payment negotiations."

## **Senior Market News**

### **Three carriers dropping Medicare Advantage private plans.**

The [Redding \(CA\) Record-Searchlight](#) (11/8, Benda) reported that "at least three carriers -- Health Net, WellCare Health Plans and Coventry Health Care -- have announced they will stop offering Medicare Advantage private fee-for-service policies starting Jan. 1." This means that of about 58,000 seniors with Medicare, "roughly 1,200 Shasta County residents will lose their current Medicare Advantage plan, according to the Health Insurance Counseling and Advocacy Program (HICAP) in Redding." The Obama administration has already announced a 4.5 percent cut in reimbursement for the popular Medicare Advantage private fee-for-service programs, which under a law taking effect in 2011, will also be required to establish networks.

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