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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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[From NAHU  
Leading the News  
Legislation and Policy](#)

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

[Uninsured  
Growing Your Business](#)

## Leading the News

### Fiscal 2009 financial report finds Medicare paid \$47 billion in questionable claims.

The [AP](#) (11/16, Yen) reports, "The government paid more than \$47 billion in questionable Medicare claims including medical treatment showing little relation to a patient's condition, wasting taxpayer dollars at a rate nearly three times the previous year," according to a "fiscal 2009 financial report." According to the AP, President Obama "is expected to announce new initiatives this coming week to help crack down on Medicare fraud, including a government-wide website aimed at providing a fuller account of healthcare spending and improper payments made by various agencies." Likewise, CMS "will launch a Web interactive next month that will allow users to track Medicare payment information by categories such as state, diagnosis and hospital."

**Letters show CMS ignored Medicare fraud warnings.** The [AP](#) (11/14, Kennedy) reported that, according to letters provided to the AP by Sen. Charles Grassley's (R-IA) office, CMS "received roughly 30 warnings from inspectors over three years...but didn't respond to half of them, even after repeated letters." The agency "repeatedly ignored internal watchdog warnings about swindlers stealing millions of dollars by scamming several programs." HHS Secretary Kathleen Sebelius said the CMS "typically responds to fraud warnings promptly, and has investigated more than 300 since 2006. She was not satisfied that all fraud alerts were receiving sufficient responses and her office is implementing a new process for tracking the red flags." Sen. Grassley said CMS should "respond to future fraud warnings within two months and Sebelius agreed. After Grassley's letter, all of the warnings were investigated, according to Sebelius spokesman Nicholas Papas."

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## 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.**

### CMS report says House healthcare bill would increase costs.

[The Hill](#) (11/14, Hooper) reported that an analysis by Richard Foster, the chief actuary at the Centers for Medicare and Medicaid Services says the House healthcare bill "would raise the costs of healthcare by \$289 billion over the next 10 years." The report "is a blow to the White House and House Democrats who have vowed that healthcare reform would curb the growth of healthcare spending." While the analysis "is not an apples-to-apples comparison to the cost estimate" conducted by the Congressional Budget Office and the Joint Committee on Taxation "because CMS did not review tax provisions," the "CMS analysis clearly states that the House bill falls short in attaining a key goal of the Democrats' effort to reform the nation's healthcare system."

The [Washington Post](#) (11/15, Montgomery) noted that the report also concluded that the "plan to slash more than \$500 billion from future Medicare spending" would "sharply reduce benefits for some senior citizens and could jeopardize access to care for millions of others." [Politico](#) (11/15) reported that the analysis "is more bad news for Democrats, who are facing increasing criticism that their reforms don't do enough to control costs." Republicans "released the analysis and jumped on the news." House Ways and Means ranking Republican Dave Camp (MI) said, "This report confirms what virtually every independent expert has been saying: Speaker Pelosi's healthcare bill will increase costs, not decrease them."

Another [Politico](#) (11/15) article noted that White House Office of Health Reform director Nancy-Ann DeParle "pushed back Sunday," saying, "It is an interesting analysis, but it is pretty speculative though of what the impact will be on providers and beneficiaries. Our recent experience would indicate something quite different."

**House reform provision provides \$23.5 billion for state Medicaid aid.** The [Washington Post](#) (11/16, Davis) reports that the House healthcare overhaul bill includes \$23.5 billion which "would allow Congress to continue pumping billions in new short-term aid to states to cover Medicaid costs that have increased with rising unemployment in the past year." According to the Post, the funds look "a lot more like new federal stimulus spending than anything to do with national healthcare reform." The Post calls the provision "barely debated," adding that "House Republicans, who had repeatedly blasted the cost of the bill, never directly attacked the additional state funding in the final floor debate leading up to the Nov. 7 vote, even as they charged in other contexts in recent weeks that Democrats were trying to increase federal spending without introducing a second stimulus package."

**Samuelson says health reform would not curb health costs.** In his column in the [Washington Post](#) (11/16), Robert J. Samuelson writes, "As we recover slowly from a devastating recession, it's widely agreed that...a prudent society would embark on long-term policies to control health costs, reduce government spending and curb massive future deficits." However, the "far-reaching overhaul of the healthcare system" does "just the opposite." The legislation "would create new, open-ended medical entitlements that threaten higher deficits and would do little to suppress surging health costs. The disconnect between what President Obama says and what he's doing is so glaring that most people could not abide it." According to Samuelson, reconciling health reform's "blatantly contradictory objectives requires [the Obama Administration] to engage in willful self-deception, public dishonesty, or both."

### Vote to bring Senate health reform bill to floor seen as "critical."

[AFP](#) (11/16) reports that "Senate Majority Leader Harry Reid (D-NV) hopes to set the stage to launch formal debate next week, after the non-partisan Congressional Budget Office (CBO) issues a report on the bill's price tag." However, "doing so would require a vote on whether to proceed to the healthcare debate, with support of 60 senators needed to ensure passage over any parliamentary delaying tactics from Republicans bitterly opposed to the plan." It could be "a critical test vote" for President Barack Obama's healthcare reform push, according to AFP. The vote "could prove a risky test of support for the legislation: several swing-vote Democrats and one independent who often sides with them have signaled they may not support launching the debate at this point."

Despite the uncertainty, Sen. Reid "is confident he'll be able to kick off debate on a massive healthcare reform measure before Thanksgiving," [Roll Call](#) (11/16, Pierce, subscription required) reports. Reid said he "may keep the Senate in session into the week of Thanksgiving in order to overcome one of the biggest hurdles facing the bill: producing the 60 votes needed to beat back a GOP filibuster that would prevent the bill from even being considered on the Senate floor."

**Senate bill would leave insurers room to entice healthiest into more affordable plans.** The [Washington Post](#) (11/14, Hilzenrath) reported that one of the bills before the Senate "would preserve the possibility that insurers could tailor policies to draw healthy individuals out" of new health insurance markets, "leaving coverage less affordable for those who stay behind." While Senate bills "guarantee that certain basic reforms -- such as requiring insurers to accept people regardless of preexisting medical conditions and banning annual and lifetime limits on coverage -- would apply both inside and outside the new markets for individuals and small businesses," that "would not be true for a host of other requirements that should help consumers compare health plans on an apples-to-apples basis and force insurers to compete more directly on price."

## States urged not to opt-out of federal healthcare reform.

The [Los Angeles Times](#) (11/16) editorializes, "As healthcare reform legislation advances in Congress, more state lawmakers are looking for ways to limit its effects on their constituents." These proposals, the Times argues, imply "an every-man-for-himself vision of society." Everyone has "a stake in making healthcare affordable for those who need it. The healthier the public is as a whole, the more productive it is and the faster the economy can grow. And most important, bringing everyone under the insurance umbrella will make it easier to achieve the changes in how healthcare is demanded, delivered and paid for that are essential to curbing costs over the long term." The Times concludes, "When it comes to the public health, there should be no opting out."

## Health bills' exchanges would give state insurance directors "unprecedented" authority.

The [Chicago Tribune](#) (11/16, Japsen) reports that the current reform bills would give state insurance directors "unprecedented powers in helping to decide the benefits and cost of health plans for the proposed government-regulated insurance exchange." The insurance industry argues that the added bureaucracy could result "in higher premiums. ... 'There needs to be national standards, but it has to be implemented at the state level,'" said AHIP spokesperson Robert Zirkelbach. Moreover, the states' "role is not clearly defined, and that could pose problems." If the states are allowed to "impose additional regulations and mandates on top of the new federal" reforms, then "we will have the same problem that we see in the current health market, which is varying degrees of conflicting mandates and regulations across the country," Zirkelbach said.

## Health reform bills could endanger consumer protections.

The [Los Angeles Times](#) (11/16, Girion) reports that by opening "the door to insurers selling policies across state lines," healthcare reform "bills working their way through Congress could jeopardize laws in California and other states that require insurers to pay for" certain treatments. The provision could also "make it virtually impossible for states to enforce other consumer protection laws, such as the right to appeal if an insurer denies coverage for a particular treatment." Notably, while "some insurers want to be able to sell policies across state lines, the Blue Cross Blue Shield Association opposes the idea. It argues that such permission would result in inexpensive, watered-down policies." Still, proponents argue the provision will allow insurers to ignore "state benefit mandates they view as overly burdensome."

## Insurance for illegal immigrants could be "sticking point" in combining health bills.

The [Washington Post](#) (11/16, Montgomery) reports that the "question of access to care for some immigrants, and who should pay for it, could well become one of the most contentious sticking points in the coming weeks as members of Congress sit down to reconcile the healthcare bill passed by the House on Saturday with the yet-to-emerge Senate version." The bills differ on "whether illegal immigrants should benefit at all under a revised healthcare system." The House bill would allow only legal residents to receive insurance subsidies, but the "the Senate Finance Committee went a step further. They pledged that undocumented workers would be barred not only from receiving subsidies but also from buying insurance through federally sponsored exchanges -- even if they used their own money."

## Medicare oversight commission would lead to healthcare rationing, WSJournal argues.

The [Wall Street Journal](#) (11/16, subscription required) editorializes that a proposed Medicare oversight board, intended to decide what the program will cover on a yearly basis, would lead to the rationing of healthcare. The commission would limit medical innovations and would not be insulated from political pressures, contrary to what lawmakers say. Instead, the Journal argues, healthcare reformers should work to give patients more power over their healthcare dollars.

**Medicare payroll tax expected to hurt economy.** The [Wall Street Journal](#) (11/16, subscription required) editorializes that the healthcare overhaul will be financed with a tax increase. The Medicare payroll tax surcharge Senate Majority Leader Harry Reid (D-NV) has discussed would amount to a tax on hiring, the Journal argues. It will damage the economy and dampen job creation.

## Public Health and Private Healthcare Systems

### Massachusetts insurers said to be recovering from past year losses.

The [Boston Globe](#) (11/14, Bray) reported, "Three of the four largest health insurers in Massachusetts swung back to profitability in the third quarter." BlueCross and BlueShield of Massachusetts's "HMO Blue subsidiary lost \$3 million," but as a whole, the firm "earned \$17.1 million in the quarter." Tufts Health Plan "posted net income of \$22.1 million," compared to "\$17.3 million earned" 3Q last year. Harvard Pilgrim Health Care "reported net income of \$13.6 million," compared to a "\$2.3-million" 2Q loss. Fallon Community Health Plan, however, "reported a \$13.4-million" 3Q loss "compared to a \$5.7-million profit last year." Fallon Community Health CFO Charles Goheen cited "inadequate medical reimbursements from state and federal governments, higher-than-expected insurance claims, and a continued

increase in medical care costs."

**Massachusetts' small businesses said to be bearing brunt of health premium increases.** The [Boston Globe](#) (11/16, Weisman) reports, "Many small businesses in Massachusetts say they're receiving the largest premium increases in years for their Jan. 1 renewals. Insurers in September said they expect to raise premiums an average of 10-percent next year, but some employers are facing increases that are double or triple that." Although all of the "state's health insurers have been jacking up rates for small businesses," the biggest increases "have been coming from BlueCross and BlueShield of Massachusetts." BCBS VP Allen P. Maltz "acknowledged that premiums are climbing -- largely, he said, because of double-digit rises in medical costs. ... 'We bear the brunt of all cost increases, said Bob Carroll, president of Norris Wiener/Bay State Spray Equipment. ... 'It makes it impossible to grow. Every time you want to hire employees, your health costs go up."

## Medicare beneficiaries to see drug plan prices rise.

The [Wall Street Journal](#) (11/16, Zhang, subscription required) reports that the average premiums Medicare beneficiaries will pay for stand-alone drug plans will increase 11% to \$38.94 per month in 2010, according to the nonprofit Kaiser Family Foundation. Individuals receiving drug coverage through Medicare Advantage plans will see even more changes, and their average monthly premium will rise by an average of 32%, to \$48 per month. Meanwhile, health-policy analysts say some seniors will lose their Advantage plans, and others could see plans reduce benefits or drop vision, dental or other benefits not covered under traditional Medicare plans.

### Senior Market News

## Long-term care program for federal employees sends enrollees incorrect data.

The [Washington Post](#) (11/16, Davidson) reports, "The already beleaguered long-term-care program for federal employees has mailed out more than 70,000 forms with mistakes about potential premiums, and as a result, it is pushing back the selection deadline for those workers to March 15, 2010." The letter "says Long Term Care Partners...will send enrollees 'a letter with a corrected personalized options form in the coming weeks," and the company "may face consequences" from the Office of Personnel and Management, which "oversees and administers the long-term-care program." The Post adds that for months, "federal employees have expressed outrage at the operation of the program since they learned that premiums for automatic compound inflation option subscribers were slated to go up as much as 25 percent."

### Uninsured

## Studies said to exemplify consequences of living without medical insurance.

The [Chicago Tribune](#) (11/16, Graham) recaps two recent studies to illustrate that "going without health insurance is harmful to people's health." One [study](#), published in the Journal of Public Health, found that "uninsured children who are hospitalized are almost 60-percent more likely to die than those with insurance." The study authors speculated that "their families can't afford ongoing medical care and children are sicker when they come to the hospital." Another [study](#), published in Health Affairs, found that "large numbers of uninsured adults have chronic illnesses that are undiagnosed and undertreated." In that analysis, "46 percent of uninsured adults with diabetes were unaware they had the condition, while 52 percent of uninsured adults with high cholesterol didn't know their status," the researchers determined.

### Growing Your Business

## Study finds employee wellness programs to be effective.

The [Atlanta Journal-Constitution](#) (11/16, Markiewicz) reports, "Employers have spent plenty in recent years to keep employees healthy, hoping that will keep them on the job and less likely to use healthcare insurance." Although "the return on investment in wellness is hard to measure," many companies "say the programs can work. A study by insurer MetLife found 94 percent of companies with wellness programs said they reduced medical costs." Now, supporters of the Wellness programs "hope a fledgling economic recovery, combined with growing political and social support for such programs, will cause employers to expand and improve them."

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