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Customized Briefing for Kimberly Barry-Curley

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Leading the News

Senate healthcare debate stalls on drug reimportation amendment.

The [New York Times](#) (12/11, A31, Pear) reports, "Debating an overhaul of the healthcare system, the Senate found itself tied in knots on Thursday over a bipartisan proposal to allow people to import lower-cost prescription drugs from Canada and certain other countries." According to the Times, Senate Democratic leaders delayed the vote on Sen. Byron Dorgan's (D-ND) amendment, "in part because they feared that the proposal would be approved, potentially blowing apart a deal negotiated by the White House and the pharmaceutical industry."

The [Washington Times](#) (12/11, Haberkorn) also notes that Senate debate on the healthcare bill "ground to a halt" due to the amendment. "Some Democratic senators are fighting [Dorgan's amendment] as they, the Obama Administration, and drug companies say the safety of foreign-made drugs can't be verified." However, Senate Majority Leader Harry Reid (D-NV) "tried to set up a vote on the amendment late Thursday, but Republicans objected, saying they had only just seen the 100-page proposal."

[FOX News](#) (12/11, Turner) further calls the healthcare reform drive "in a holding pattern" due to the controversy over the reimportation amendment, adding that "Dorgan, incensed by the block, told reporters he is prepared to hold up any action on healthcare reform over the matter."

The [Los Angeles Times](#) (12/11, Hook, Hamburger) calls the proposal "seemingly popular," leaving "Democrats divided over whether they should bow to the drug industry's fierce opposition." Support from the industry "is considered a key to passage," according to the Times, and during earlier negotiations with drugmakers, "it was widely believed that the industry would oppose the bill if such an amendment were included."

According to [The Hill](#) (12/11, Young, subscription required), "Tension between the White House and Democratic supporters of the so-called drug reimportation amendment is primarily behind the delay, Senate Majority Whip Dick Durbin (D-IL) said Thursday."

After the vote was put off earlier in the day, [Bloomberg News](#) (12/11, Jensen, Litvan) reports that Sen. John McCain (R-AZ), a supporter of the amendment, "accused Democrats of pandering to the pharmaceutical industry," saying, "If it passes, as it should, and allows drugs to be imported into this country, it breaks the agreement that the White House made."

[CongressDaily](#) (12/11, Edney, subscription required) notes that Democratic Sens. Thomas Carper (DE), Robert Menendez (NJ), and Frank Lautenberg (NJ) also have objections to the amendment. Still, "Dorgan said he expects to have the votes to pass his amendment." [McClatchy](#) (12/11) also covers 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

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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

Senate Democrats mull changing Medicare expansion plans.

The [AP](#) (12/11, Werner) reports that Senate Democrats "are considering changing a proposed expansion of Medicare to address complaints from doctors and hospitals and defray costs for consumers, officials said Thursday, two days after party leaders hailed it as part of a breakthrough for healthcare." Under the plan, "uninsured individuals ages 55 to 64 could purchase coverage under Medicare." But the American Hospital Association and American Medical Association "have both criticized the proposed Medicare expansion since it was announced Tuesday night, saying the program pays healthcare providers less than private insurance companies, and warning against increasing the number of patients."

Senate plan would include hefty premiums. The [New York Times](#) (12/11, A31, Herszenhorn, Pear) reports that Senate Democrats "have provided few details about their latest healthcare proposal, but this much seems clear: Anyone who wants to buy the same health benefits as members of Congress, or to buy coverage through Medicare, should be prepared to fork over a large chunk of cash." Congressional Budget Office data shows "a family of four earning \$54,000 in 2016, when the health legislation is fully in effect, would be eligible for a subsidy of \$10,100 to help defray the cost of insurance under the health legislation being debated by the Senate." One of the "most popular federal plans, a nationwide Blue Cross and Blue Shield policy, is projected to cost more than \$20,000," which would "leave the family earning \$54,000...with monthly premium costs of more than \$825."

Senate Democrats wait for CBO score for impact of Medicare expansion plan. [Roll Call](#) (12/11, Drucker, subscription required) reports Senate Majority Leader Harry Reid's (D-NV) "race to pass a healthcare bill by Christmas is on hold while the Congressional Budget Office analyzes a compromise proposal that could break an impasse among Democrats over the public insurance option." Talks "on the single-biggest issue blocking Democratic unity and passage of the bill -- the divide over the public insurance option -- subsided as the Conference waited to hear from CBO on the cost of a potential compromise negotiated by a group of 10 liberal and moderate Senators." [McClatchy](#) (12/11, Lightman) and [Politico](#) (12/11, Brown) also cover the story.

Advantages, disadvantages of Medicare expansion discussed. A [Time](#) (12/11, Pickert) article discusses the recent Senate proposal to expand Medicare coverage to Americans aged 55-64. The piece notes some possible advantages and disadvantages to implementing such a policy. For instance, "expanding Medicare eligibility" to 4.5 million people 55-64 could mean that "they would likely be healthier by the time they aged into standard Medicare at 65." Ultimately, this would reduce Medicare costs. In addition, "premiums for other Americans could drop," and more workers could afford to retire earlier without fear of lacking health coverage. Yet, physicians "and hospitals could see incomes and revenues drop," due to Medicare's lower reimbursement rates. And, "the perception of Medicare could change." Currently, it "is hugely popular." But, compared to exchange plans proposed in the overhaul bill, Medicare has "high hospital co-pays and no limits on out-of-pocket expenses."

Sens. Wyden, Collins unveil batch of reform amendments.

In its "Blog Briefing Room," [The Hill](#) (12/10, Romm, subscription required) reported that a set of amendments proposed by Sens. Ron Wyden (D-OR) and Susan Collins (R-ME) "would permit employees already covered by their employers' healthcare policies to purchase insurance in the proposed exchange." The proposals "would also allow patients to purchase bare-necessity healthcare coverage regardless of age, and it would levy new fees on insurance companies that are unable to hold down their premiums."

In his blog at the [Washington Post](#) (12/10), Ezra Klein writes that the "best of the bunch" of proposals is "the latest incarnation of Wyden's Free Choice Act, which makes an important tweak to the insurance exchanges." The proposal "would let employers choose to give their workers a voucher that the employees could use to choose their own insurance plans. It's a dead-obvious amendment, and it establishes an important principle in the exchanges."

Senate proposal would expand role of OPM.

In the [Washington Post](#) (12/11) "Federal Diary" column, Joe Davidson notes that one function of the Office of Personnel Management, "to mixed reviews, is [to] administer health insurance programs for government workers. Almost 9 million staffers, retirees, their families and survivors have employer-sponsored health insurance through private companies that participate in the Federal Employees Health Benefits Program." While OPM "does have experience in this area," the "proposal could mean a dramatic change for an agency that is used to a backstage role in Washington's political dramas. Certainly, it would need a significant increase in money, staff and power."

Healthcare providers cautiously hopeful on prospects for reform.

[USA Today](#) (12/11, Hall) reports that healthcare providers "are hopeful, but wary, about the changes that might follow if Congress passes legislation to overhaul the healthcare system. Some of the CEOs and administrators say they look forward to legislation that could provide health insurance for up to 96% of legal residents under the age of 65, compared with the 83% who have it now. But they're also skeptical that the government will be able to cut skyrocketing costs and help provide coverage to as many as now need help." Others "say they worry that lower government reimbursement rates for the care they provide will hurt their bottom line, forcing them to cut staff or scale back services that they say their patients desperately need."

Public Health and Private Healthcare Systems

Health Net forecasts strong 2010 earnings; shares hit 52-week high.

The [RTT News](#) (12/11) reports, Health Net on Thursday [issued](#) "revenue and earnings guidance for the full year 2010." The company's "expects its full year 2010 earnings to be in the range of \$1.90 to \$2.00 per share, including \$69 million in pretax charges," which are expected to "have an impact of \$0.40 on earnings per share." Health Net said it "expects adjusted earnings to be in the range of \$2.30 to \$2.40 per share for 2010" based on the "expectation that the pending" Northeast business sale will close by "year-end 2009." The estimate is based on 2010 revenue "between \$13.0 billion and \$13.5 billion" and 2010 health plan enrollment "to remain flat." Analysts expect the company to "report earnings of \$2.04 per share for the full year" on revenues of "\$13.49 billion for the year."

According to [Dow Jones Newswire](#) (12/11, Tibken, subscription required), Health Net's 2010 projection earnings released late yesterday exceeded Wall Street estimates and coincided with its shares and those of several others in the managed-care sector, hitting 52-week highs on the market. During the regular session, Health Net's shares hit a 52-week high of \$23.79; and then jumped another 1.1 percent to \$24.01 in after-hours trading to close at 4.5 percent. Dow Jones says Health Net spokesperson Amy Sheyer declined to comment when questioned about the company's strong gains, and quotes her as saying, "With healthcare legislation in such a state of flux, it would be inappropriate for us to comment. We continue to stay focused on the fundamentals of our business." CIGNA, Wellcare, UnitedHealth and WellPoint also hit 52-week highs yesterday, according to Dow Jones. The [Portland \(OR\) Business Journal](#) (12/11) also covers the story on Health Net.

In a separate article, [Dow Jones Newswire](#) (12/11, Rogow, subscription required) reports that healthcare companies were the second-strongest sector within the S&P 500 yesterday. The index included a gain by UnitedHealth. In its "Final Glance" segment, the [AP](#) (12/11) notes that Aetna also saw an increase, as did CIGNA, Coventry Healthcare, Humana, and WellPoint.

MedPAC draft recommendations would raise hospital inpatient rates 1.5 percentage points.

[CQ HealthBeat](#) (12/11, Reichard, subscription required) reports that MedPAC "unveiled draft recommendations Thursday that, based on current projections, would boost Medicare payments for inpatient hospital care in fiscal 2011 by 1.5 percentage points -- with certain caveats." For instance, one "draft recommendation seeks to recoup overpayments to hospitals stemming from the switch to 'MS-DRGs.' That's the technical name for a system adopted to improve the accuracy of payments by more carefully documenting how sick a hospital patient is." Under another recommendation, "hospitals would have to perform well on quality of care in order to be sure of getting the full market basket increase."

HHS works to curb Medicare fraud.

[BusinessWeek](#) (12/11, Terhune) reports, "President Barack Obama and his Democratic allies on Capitol Hill say that a vast expansion of health coverage can be funded by squeezing out waste and fraud, rather than cutting benefits." But, "slashing costs is no easy task, and stopping fraud is even tougher. No less than \$47 billion in Medicare spending went to dubious claims in the year ended Sept. 30, according to the US Health & Human Services Dept. That's 10.7% of the \$440 billion program that subsidizes care for the elderly." And, Medicaid "lets billions trickle away at roughly the same rate." Notably, William Corr, Deputy HHS Secretary, "is leading a new antifraud

task force formed in May." Corr says that by year end, "the government should have all Medicare claims combined in one database so investigators can detect suspicious patterns faster."

Minnesota Democrats offer plan to save state's GAMC health program.

The [AP](#) (12/11, Lohn) reports that some of Minnesota's "Democratic lawmakers said Thursday they hoped to save Minnesota's General Assistance Medical Care program, continuing coverage for about 35,000 low-income adults after state funding runs out in March." Gov. Tim Pawlenty's (R) administration "already plans to switch patients into another subsidized program, MinnesotaCare" but the program has limited coverage and requires patients to have up-to-date paperwork, "prompting state officials to predict that as many as 13,000 will drop coverage within a year. Democrats also contend the switch will add to a projected \$1.2-billion state deficit." Their plan "instead would tap the federal government, hospitals, HMOs and counties to keep a bare-bones version" of GAMC through June 2011, at which time they hope a federal healthcare overhaul will help.

Montana hit by backlog of applications for Healthy Montana Kids program.

[The Missoulian](#) (12/11, Dennison) reports that only "about 740 kids" have applied for Montana's new expanded children's health insurance program. State officials have "also held off on a planned statewide advertising blitz for the new program, known as Healthy Montana Kids, while they work through delays in the approval process." Anna Whiting Sorrell, director of the state Department of Public Health and Human Services, said the agency wanted to "make sure our eligibility (processing) is working as it should," although she said the state "is still encouraging families to apply for the programs." Other officials maintained that the program had been difficult to launch, "in part because it offers coverage by two separate programs that have their own set of rules and funding."

Senior Market News

Alliance urges payments to Illinois agencies providing home care to seniors.

The [Chicago Daily Herald](#) (12/11, Cox) reports, "An alliance of agencies providing home care to senior citizens joined Thursday to issue a plea for" Illinois "to pay its bills." AARP says that "the state owes \$200 million to 175 agencies providing at-home healthcare, meals, and transportation to 60,000 senior citizens eligible for state support." Notably, while "Gov. Quinn spent part of the day rallying seniors by proclaiming 2010 'The Year of the Engaged Older Adult,'...the current budget passed by the General Assembly and signed by him did not adequately fund many social agencies, including senior-care groups, representatives of the groups say."

The [AP](#) (12/11, Hawkins) also reports on the plight of the home care agencies, and explains that "advocates insist keeping seniors in their homes saves the state money. It costs about \$800 per month, on average, to provide home care to a senior, compared with \$3,000 per month for nursing home care, AARP officials said."

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