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

Customized Briefing for Kimberly Barry-Curley

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## Leading the News

### HHS awards \$72M to nine states for gains in children's health insurance.

HHS Secretary Kathleen Sebelius announced awards to nine states for expanding and simplifying health insurance for children on Thursday. The awards amounted to \$72.6 million and were given to Alaska, Alabama, Illinois, Louisiana, Michigan, New Jersey, New Mexico, Oregon, and Washington. Wires and many local news outlets covered the story.

The [Newark \(NJ\) Star Ledger](#) (12/18, Livio) reports that Sebelius rewarded New Jersey "with a \$4.2 million bonus for enrolling more than 50,000 children from poor and working poor families in state and federally-funded health insurance programs over the last year."

[Gannett](#) (12/18, Chebium) explains that the "bonuses were created as part of a bill renewing SCHIP, which President Barack Obama signed into law in February." New Jersey Department of Human Services commissioner Jennifer Velez said, "This award proves that, while there are many children still in need of healthcare coverage, New Jersey is making great headway."

Alabama's [Birmingham Business Journal](#) (12/18, DeButts) reports that "the Alabama Medicaid Agency has received a \$39.1 million federal performance bonus for enrolling more low-income children in Medicaid during fiscal year 2009." Also reporting on Alabama, the [AP](#) (12/18) notes that "Alabama boosted enrollment among eligible uninsured children by 39 percent. That was the largest increase in the country."

Meanwhile, from Illinois, the [AP](#) (12/18) reports that Sebelius announced a \$9.1 million bonus for boosting Medicaid enrollment by 115,000 children in 2009.

**Advocate argues CHIP better than insurance exchanges.** In an op-ed in the [Detroit News](#) (12/18), Jack Kresnak, president and CEO of advocacy group Michigan's Children, writes, "Although the House reform legislation has many strong provisions supporting children and families, it calls for the abolishment of the Children's Health Insurance Program (CHIP) in 2013." Afterwards, the program "would be replaced by a far more expensive new health-insurance exchange, largely driven by insurance companies. We cannot allow this to happen." Kresnak argues that CHIP "has been critical to filling the gap and providing coverage for the children of working poor" and "has sharply reduced the number of uninsured children." Moreover, "CHIP is significantly better for low-income families than any health reform proposal pending in Congress."

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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

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

### White House, Reid face challenges in effort to pass healthcare bill by Christmas.

Media reports describe a significant number of hurdles facing the White House and Senate Democratic leaders as they push for passage of a healthcare bill by Christmas Eve. [NBC Nightly News](#) (12/17, lead story, 2:50, Williams) reported that "even friends of the President, those most loyal to him, fear that the healthcare reform bill he wanted so badly has been pecked to death, and picked apart, watered down, and in the end, will be something nobody really wants." The [CBS Evening News](#) (12/17, lead story, 3:00, Cordes) noted that "the President's refusal to go to bat for the public option has sparked an uproar among the liberal activists who went to bat for him. 'Kill the bill' is becoming a common refrain on some of the nation's most influential liberal websites. ... On the President's official Facebook page, Democrats let him have it."

The [New York Times](#) (12/18, A26, Stolberg) reports that President Obama "has cast himself as a cold-eyed pragmatist, willing to compromise in exchange for votes. Now ideology -- an uprising on the Democratic left -- is smacking the pragmatic president in the face." The Times adds that "the left's disenchantment with Mr. Obama on healthcare harks back to his decision, before he became president, not to try to" push for "a single-payer, government-run 'Medicare for all' system." A [Politico](#) (12/18, Allen) story refers to "a stunning reversal of fortune for...Obama," with "top progressives...attacking the health-reform plan moving through the Senate as...a sellout to corporate interests." Politico adds that "the attack from the left comes at a delicate juncture when a delay of more than a couple of days could sink any remaining chance that the Senate can pass it by Christmas."

[Politico](#) (12/18, Brown, Shiner) notes in a separate article that Majority Leader Harry Reid (D-NV) has "until Saturday to strike a 60-vote compromise if Democrats hope to meet a Christmas Eve deadline -- but the obstacles kept piling up Thursday," and "the net effect was the loss of any sense of inevitability surrounding the passage of healthcare legislation by the end of the year." Politico adds, "Reid still had no legislative text and no cost analysis to release. One of the final moderate holdouts, Sen. Ben Nelson (D-NE), rejected compromise language on abortion funding and said he's doubtful a bill can pass by Christmas," and "two powerful unions blasted the bill."

[The Hill](#) (12/18, Young, subscription required), however, reports that while "the country's two largest labor federations on Thursday issued strong criticisms of the measure," the Services Employees International Union "expressly urged Democrats to keep the process moving by passing the Senate bill." The AFL-CIO "did not go that far, but its exhortations that Congress not give up on healthcare reform are" also "predicated on the legislation surviving the Senate." The [Los Angeles Times](#) (12/18, Oliphant) notes that "the powerful AFL-CIO and the Service Employees International Union said they would push House members to stand up for their version of the legislation when the House and Senate bills are molded into a single measure." SEIU President Andrew Stern also "called on Obama to make his presence felt in the negotiations."

The [Washington Post](#) (12/18, Kane, Montgomery), the [Washington Times](#) (12/18, Haberkorn), and the [AP](#) (12/18, Espo) also cover the story.

### Senate could approve COBRA subsidy extension before Christmas.

[Kaiser Health News](#) (12/17, Gold) reported that proposal to extend the COBRA subsidies, "which passed the House Wednesday night, is tacked onto both the House defense appropriations and jobs-creation bills and would give some unemployed Americans an extra six months of help paying for their COBRA coverage." Notably, the Senate "could act on the Defense bill as soon as Saturday." It would "extend the sign-up deadline until the end of February. The Jobs bill, which will likely work its way through Congress early next year, would extend it until the end of June 2010. Both would lengthen the nine-month subsidy to 15 months and would be retroactive for those who already timed out." Meanwhile, a separate bill, "proposed in November by Sen. Robert Casey (D-PA) and Sen. Sherrod Brown (D-OH) would increase the subsidy amount from 65 percent to 75 percent."

**Senate passes cloture motion on bill containing COBRA subsidy extension.** [Roll Call](#) (12/18, Stanton, subscription required) reports, "At least for now, Senate Majority Leader Harry Reid (D-NV) has managed to stay on schedule to pass healthcare legislation by Christmas after the Senate early Friday morning agreed to vote on the Defense spending bill and get it out of the way." The

cloture vote on the spending bill, which includes the COBRA subsidies, passed on a 63-33 vote.

## Democrats seen as pushing healthcare reform into a government takeover.

In the [Wall Street Journal](#) (12/18, subscription required) "Potomac Watch" column, Kimberley Strassel calls the Democratic health agenda a suicide pact, arguing that it would be better not to pass any bill than to pass the healthcare reform legislation as it is currently. She says that orchestrators of the healthcare reform legislation are not worried about the next election, but hope to set up an inescapable slide to a full government takeover of healthcare.

## WSJournal sees contradictions in White House's healthcare tax message.

In an editorial, the [Wall Street Journal](#) (12/18, subscription required) argues that White House officials are issuing contradictory messages regarding tax provisions of the healthcare bills before Congress. The Journal quotes the White House's Jason Furman as saying in a blog entry that the "Cadillac tax" would "affect only a small portion of the very highest cost health plans -- a total of 3% of premiums in 2013." On the other hand, adds the Journal, White House budget director Peter Orszag has stated that the provision is key to controlling healthcare costs.

## Costs said to be ineffective in measuring "Cadillac" health plans.

In the "Deals" column in the [Washington Post](#) (12/18), Allan Sloan writes that he has "doubts" that Washington can successfully "impose a stiff excise tax on what they call 'Cadillac Care' health plans to raise revenue and reduce health spending." The problem, he argues, is that legislators "define 'Cadillac' not by the benefits a plan delivers but by how much a plan costs. But as any insurance maven will tell you, costs depend more on the people being covered...and location...than on the level of benefits." Sloan concludes, "If we're going to have a tax on health benefits, let's make it simple, broadly based, and intellectually honest. And let's not confuse Chevys with Caddys."

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## Public Health and Private Healthcare Systems

### Blue Shield of California drops plan to reduce grace period for not paying premiums.

In his [Los Angeles Times](#) (12/18) column, David Lazarus writes, "Blue Shield of California has dropped plans to reduce the amount of time customers are given to pay their health insurance premiums before coverage is canceled" in response to "a lot of feedback" from customers, a spokesman said.

### CMS delays decision on Healthy Families funding.

The [Los Angeles Times](#) (12/18, Bailey) reports that Cindy Mann, director of the Center for Medicaid and State Operations gave California "a reprieve Thursday from a federal threat to undercut funding that has kept nearly 700,000 children from being yanked off a state health insurance program for the working poor." She "told state officials in an email that her agency would delay a final decision on the issue until at least mid-2011." allowing California's "Healthy Families program to continue operating under a" \$196 million plan that "included raising

about \$100 million with a 2.35% tax on health insurance firms serving the poor, a scheme that federal officials had said might not meet regulatory muster."

## **New York, federal authorities settle Medicaid fraud claims with home health agencies.**

The [AP](#) (12/18) reports that New York "state and federal authorities say they've settled Medicaid fraud claims against three home health agencies accused of using hundreds of aides without required training to provide care for elderly, frail, and indigent New Yorkers." According to Attorney General Andrew Cuomo, "under the settlements, Brooklyn-based B&H Health Care Services Inc., also known as Nursing Personnel Home Care, as well as Excellent Home Care Services LLC of Brooklyn and Extended Nursing Personnel CHHA LLC of Manhattan will return almost \$24 million to Medicaid."

### **Senior Market News**

## **CalPERS board approves LTC premium increase.**

The [Fresno \(CA\) Bee](#) (12/17, Kasler) reported, "The CalPERS board Wednesday approved a 15 to 22-percent increase in long-term care insurance premiums, overriding the protests of a few angry senior citizens. The higher premiums" take effect in "the middle of 2010." CalPERS said the higher rates "were necessary to cope with big investment losses and higher-than-expected benefit payouts. 'It is a very difficult decision,'" said board member Priya Mathur, CalPERS' health benefits committee chair. "About 160,000" Californians purchase LTC insurance from CalPERS.

[National Underwriter Life and Health](#) (12/18) points out that "all LTC policies issued before 2005 with either lifetime benefits or inflation coverage will receive the increase. In addition, premiums will increase five percent a year beginning July 2011 for the same policies," CalPERS said. Policies issued before 2005 "with only non-lifetime benefits and all policies issued after 2005 will receive a single 15-percent increase." Employees enrolled in the LTC program "will be given an opportunity to keep their plan as is and pay the higher premiums or to reduce benefit options to keep their premiums level."

### **Uninsured**

## **Losing health coverage said to be commonplace among working adults.**

In its "Shots" health blog, [NPR](#) (12/18, Hensley) reports that recent CDC estimates have determined that "about 60 million" were without health insurance at one point during a recent year. They say the "real interesting" numbers come from people aged 18 to 64, of whom about 1 in 4 didn't have health coverage for at least part of the year. NPR adds that the figure "illustrates how commonplace it is for people to slip in and out of coverage," and remains "another reminder of how vulnerable people in their working years are to losing insurance."

### **Also in the News**

## **More Americans seen as turning to Mexican healthcare plan.**

The [CBS Evening News](#) (12/17, story 7, 3:20, Couric) reports some Americans who have crossed the border into Mexico have "discovered a haven where health insurance costs just a few hundred dollars a year and just about everyone is covered." CBS News correspondent Kelly Cobiella adds that the Mexican Social Security Institute, a government-run healthcare plan for Mexican employees, has "no limits, no deductibles, and no co-pays." Many also believe the "already financially strained" program could be bankrupted by the sudden influx of American retirees.

## **Census report finds increase in US spending on healthcare.**

The [Dallas Morning News](#) (12/18, Roberson) reports, "Healthcare continues to command a growing share of the US economy, according to a US census report released Thursday." The healthcare industry's revenue increased "5.7 percent in 2008 to \$1.75 trillion, up from \$1.66 trillion in 2007." Mark Wallace, chief of the Census Bureau's service sector statistics division, said, "At \$1.75 trillion, this sector made up 30 percent of the service sector economy in 2008, which itself represented about 55 percent of the economic activity in the United States." The bureau also cites Texas "as one of the most expensive states for healthcare."

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