

NAHU Newswire

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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

September 4, 2009

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Editor's Note

We will not publish a briefing on Monday, September 7th. We wish our readers a happy Labor Day.

Leading the News

California Assembly approves proposed insurer tax, federal funds for Healthy Families.

The [Los Angeles Times](#) (9/4, McGreevy, Bailey) reports, "In a rare showing of bipartisan unity, the [California] Assembly approved a proposal to keep nearly 700,000 children from being pushed off a government health insurance program for the working poor." Under the measure, "Healthy Families will reap \$196 million to keep 660,000 children of low-income families from losing health insurance provided by the government program." The funding "will come from a new 2.35 percent tax on health insurance companies that will be used to leverage nearly \$100 million in federal matching funds."

According to the [New York Times](#) (9/4, A14, Steinhauer), Healthy Families "had been almost eliminated...through \$175 million in reductions made by lawmakers and Gov. Arnold Schwarzenegger" who "adamantly opposed new levies of any sort to salvage state programs." Lawmakers explained that "the new tax and federal monies, paired with \$81.4 million in tobacco money earmarked for health programs for small children and \$17.6 million raised on premiums and co-pays, will allow the program to be salvaged." Healthy Families "had been closed to all new enrollment, and had accrued a waiting list of 71,000" since July.

The [San Jose Mercury News](#) (9/4, Theriault) reports that under a "complicated mechanism that takes advantage of federal stimulus money," California "will levy a 2.35 percent tax on premiums for health insurers that serve Medi-Cal patients. The insurers, in turn, will recoup that money from the federal government -- plus \$97 million in matching funds that will go toward Healthy Families." The tax on insurers will replace "a higher, 5.5 percent 'quality improvement' fee that was due to expire after October," and therefore "won't cost the insurers a dime." The [San Francisco Chronicle](#) (9/4, Yi) also covers the story.

From NAHU

Advertisement

The advertisement features a dark blue background with a faint image of an airplane's interior. At the top left, the logo "CAN" is written in a large, white, serif font, with "CORPORATE ANGEL NETWORK" in a smaller, white, sans-serif font below it. The main text is in white and yellow, reading: "Donate an empty seat on your corporate aircraft to give a cancer patient a lift to *life-saving cancer treatment* at no cost or inconvenience to you." At the bottom right, the phone number "(914) 328.1313" is displayed in a bold, yellow, sans-serif font.

Friday, September 4: Make a contribution to [HUPAC](#).

Health care fact of the day: A health insurance cooperative is not a new concept. Many were founded in the '40s and '50s and most are now defunct.

For more information on our grassroots initiative, Get Health Care Right! click [here](#).

Legislation and Policy

Obama plans detailed healthcare address as White House seeks Snowe's backing.

The [Washington Post](#) (9/4, A4, Kornblut) reports that "administration officials promised" that the President will next week "deliver a detailed prescription for reform despite the risks of spelling out exactly where he stands." Vice President Biden said the speech "will map out 'in understandable, clear terms what our administration wants to happen with regard to healthcare, and what we are going to push for specifically.'" Senior administration officials said the speech "will satisfy demands" that Obama "clarify which provisions he supports and which he could jettison. The contents of the speech are largely decided, officials said." The Post also reports the White House is focusing on winning the support of Sen. Olympia Snowe (R-ME), whom "they view as the Republican most willing to reach an agreement with the White House."

[Roll Call](#) (9/4, Drucker) reports that "according to talking points being circulated in the Senate by the White House in advance of Obama's prime-time speech, at least some of the President's message will remain the same: Obama will frame the healthcare debate as one that pits those who want to improve the system against those who support the status quo. 'The speech will make clear what health insurance reform means,' reads one of the memo's bullet points." Another point reads: "After this speech, opponents of health reform will either need to propose their own plan, or explain why they think it's best to do nothing, while premiums crush American families and thousands lose their coverage every day."

[CQ Today](#) (9/4, Hunter, subscription required) notes that the memo underscores "how the Obama Administration and congressional Democrats...are hoping to use the event to regain the upper hand in the national debate over healthcare reform as Congress returns to Washington from a month-long summer recess."

Interest groups targeting lawmakers in health reform campaigns.

The [AP](#) (9/4, Fram) reports, "Interest groups are unleashing a torrent of modern and old-fashioned lobbying tactics at members of Congress returning for the autumn battle over healthcare, from spending sky-high amounts on TV ads, to staging rallies in the capital and perhaps outside insurance company offices." Notably, the "plans include a massive, 8 million-piece direct mail campaign by AARP, the lobby for older Americans that has generally supported the health overhaul drive." Meanwhile, the "US Chamber of Commerce will send lawmakers a letter next week signed by 2,800 companies and business groups opposing the effort, and is working with local chambers of commerce to bring business people to Washington to lobby legislators later this month." Analysts say that "television stations, which last month hosted more than \$28 million in ads on the health overhaul, may see even heavier spending in September."

LATimes says House bill would make it harder for insurers to cover abortions.

The [Los Angeles Times](#) (9/4) editorializes, "Since the Supreme Court's ruling in Roe vs. Wade, every federal health insurance program has become enmeshed in the debate over federal funding for abortion. This year's efforts to reform the healthcare system have triggered a new tussle, with opponents of abortion claiming that the proposals would change the long-standing policy against using federal tax dollars to terminate pregnancies." The Times argues, however, that "the provision that antiabortion groups find so objectionable would actually have the opposite effect, forcing private insurers to go further to fund and account for abortion coverage separately from federally subsidized services."

Health reform proposals may threaten safety net hospitals.

The [AP](#) (9/4, Johnson) reports, "To all the knotty issues involved in healthcare overhaul, add one more: The proposals in Congress may threaten the funding and future of the nation's already-struggling safety net hospitals." Hospital leaders may "support expanding insurance coverage to more Americans, but they worry financing the expansion will cause some teetering urban hospitals to deteriorate and close." However, Nancy-Ann DeParle, director of the White House health reform office, "said there's adequate protection for safety net hospitals in the House bill. The payments would be reduced - gradually and starting only after the rate of uninsured Americans declines -- in a way that differs greatly from what happened in Massachusetts, DeParle said."

Professor says Wal-Mart could help Obama pass healthcare reform.

University of California professor Nelson Lichtenstein writes in a [Los Angeles Times](#) (9/4) op-ed, "If the nation's largest employer [Wal-Mart] is signing on to the President's agenda, his efforts to pass healthcare reform will have won an important ally. The company employs 1.4 million 'associates,' has stores in more than 400 congressional districts, and maintains a powerful lobbying operation in Washington." Wal-Mart has voiced support for "a key, controversial plank in the health insurance reform plan: an employer mandate that would require big firms to 'pay or play' -- either offer their workers an insurance plan, or require a company to pay as much as \$750 a year per employee to the government for coverage." Lichtenstein argues that an employer mandate would help Wal-Mart reduce healthcare costs. He says he hopes that Wal-Mart's "legendary political and economic influence" will aid the passage of health reform.

Employer-driven insurance system seen as root of problems in US health system.

In a [New York Daily News](#) (9/4) op-ed, Galen Institute President Grace-Marie Turner argues that the "fight over the 'public option' has obscured" debate on coverage "tied to employment," which is one of "the worst features of American healthcare." Turner points out that the "tax code already makes it economically advantageous for companies to offer health benefits to their workers," which has resulted in "around 60 percent of people under age 65" getting work-based insurance. Moreover, research shows that "job lock," or the risk losing health insurance by leaving a company "affects between 25 percent to 50 percent of the workforce." Instead of "doubling down on the historical accident of employer-provided health insurance," Turner suggests that lawmakers empower "people to purchase policies that they could own and move from job to job."

Public Health and Private Healthcare Systems

CMS to release Medicaid IT funding with 100-percent FFP match.

[Healthcare IT News](#) (9/4, Manos) reports, CMS is "now releasing healthcare IT funding from the stimulus package to state Medicaid programs." According to a CMS [letter](#) to "state Medicaid directors, the American Recovery and Reinvestment Act enables the government to pay a 100-percent federal financial participation (FFP) match to states that help Medicaid providers adopt, implement or upgrade certified electronic health record technology to demonstrate meaningful use." The agency will also pay a "90-percent FFP match to cover a state's administrative costs for running an HIT Medicaid incentive program," which states "may now request."

[Government Health IT News](#) (9/4, Mosquera) notes that the letter "and a package of supporting [policy documents](#) are the first formal direction CMS has provided state Medicaid agencies on how to manage" the incentive payments. According to the letter, CMS "will provide states with more guidance about planning and administrative expenses and will work with the states to determine when each is ready to start making payments"; and CMS will follow-up with detailed information "in a proposed rule by the end of the year." But federal financial support "for state planning will not come without a hefty burden on state Medicaid agencies. According to the documents, CMS plans to keep a close eye on how states develop their incentive payment systems as well as how they mesh with other state health IT projects."

Sebelius announces \$70 million in grants to expand Maine state health insurance.

Focusing on the HHS grants to fund state health insurance, [WCSH-TV](#) Portland, ME (9/4, Alteri) reports that Sebelius said during her Maine visit that the state "is one of 13 states to share in a \$70 million federal grant to help provide health insurance to those who don't have it." The funds "will be used to provide vouchers for workers to purchase private insurance plans offered by their employers." Moreover, Maine "is eligible for another \$8.5 million for the program in each of the next four years."

"Sebelius says the goal is to expand coverage in three important groups," according to a separate [MPBN-TV](#) Bangor, ME (9/4,

Ravana) story. Sebelius said the funds target those "who are direct care workers, for seasonal workers, and for part-time workers. So those dollars will be used to fill an important gap for people who are hard at work but don't right now have access to affordable health coverage."

Regarding the other 12 states receiving similar grants, the [AP](#) (9/4) reports that a \$6.3 million grant has been allotted for West Virginia. "The grant requires a 20 percent match unless the state demonstrates a financial hardship. The state also must show the ability to sustain the program after federal funding ends."

Local news outlets also reported on their states' grants, with the [Walla Walla Union-Bulletin](#) (9/4, Hagar) reporting on a \$1.2 million grant for Oregon and an almost \$10 million grant for Washington state. The [Minneapolis/St. Paul Business Journal](#) (9/4, Newmarker) notes that Minnesota will receive \$4.6 million from the program.

Florida to use portion of Pfizer settlement funds to reward those reporting Medicaid fraud.

The [Miami Herald](#) (9/4, Shah) reports, "Florida will use part of its \$58 million share of a federal settlement from pharmaceutical giant Pfizer as reward money for tipsters who report Medicaid fraud." The state will use "about \$1 million" of the \$58 million it received in the settlement to "reward informants whose tips lead to fines, civil or criminal charges or forfeitures of property." Some of the remaining funds "will reimburse the federal Medicaid program for Florida and the state Medicaid program, and nearly \$10 million will go into the state's general fund."

Uninsured

New Jersey offers free swine flu vaccinations to uninsured residents.

The [AP](#) (9/4, Defalco) reports Gov. Jon Corzine yesterday said New Jersey "will guarantee free swine flu vaccines to the state's 1.3 million uninsured residents and will try to remove all 'financial barriers' for anyone else who wants the shot." The announcement came "as the state prepares for the start of school and an expected spike in swine flu cases in the coming months."

Consumer Directed Healthcare News

Data show significant increases in HSA account balances.

[American Medical News](#) (9/4, Elliott) reports that "despite the recessionary environment," the amount of money in HSAs is "going up after decreasing through the second half of last year," according to report by Canopy Financial. The report, which included data "on the first quarter of 2009, found that the average balance in an individual HSA was \$960 by the end of March. This was three-percent higher than the \$928 held at the end of December 2008; and the average March 2008 amount "was \$697." The data also showed the average family account held "about \$1,720," which was "seven-percent higher than the \$1,600 there in December 2008"; in March 2009, family accounts held \$1,419." Additionally, the Canopy researchers determined that as of March 2009, "about 44 percent of employers" contributed to HSAs." Within those companies, "54 percent of employees contributed to individual accounts, and 63 percent gave to family ones."

Also in the News

California AG to investigate HMO payment practices.

The [Los Angeles Times](#) (9/4, Girion) reports, "California Atty. Gen. Jerry Brown is joining state regulators in scrutinizing how HMOs review and pay insurance claims submitted by doctors, hospitals, and other medical providers." State regulators have targeted "the payment practices of the state's seven largest health plans in response to complaints from physicians and hospitals." Brown's investigation follows the release of a report by the California Nurses Association that showed "California health insurers reject one in five medical claims." Data indicated that "six of the state's largest insurers rejected 45.7 million claims for medical care, or 22 percent of all claims, from 2002 to June 30, 2009." For their part, "state health plans say claims often are denied because they are duplicates, because patients are no longer

members, and because a particular treatment is not a covered benefit." The [AP](#) (9/4) also covers the story.

NQF prepares to review, update list of adverse events.

[Modern Healthcare](#) (9/3, DerGurahian, subscription required) reported, "The National Quality Forum is preparing to review and possibly add to its list of adverse events while continuing to define which conditions acquired in different healthcare settings should be considered avoidable." The NQF announced that "it plans to update its list of 28 adverse events for publication in 2011." The list "is used as the basis of policies by Medicare, hospital associations and payers that have said they or their members will no longer pay for or bill for care related to conditions that should have been prevented by providers." In an effort to "research and refine healthcare initiatives," the forum will also "define and clarify the term 'healthcare-acquired conditions' for various healthcare settings, including ambulatory care, hospitals, skilled-nursing facilities and home health and hospice environments."

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