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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

January 22, 2010

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Leading the News

Pelosi says House lacks votes to adopt Senate healthcare bill.

[ABC World News](#) (1/21, story 5, 0:20, Sawyer) reported, "A reality check on healthcare reform: House Speaker Nancy Pelosi (D-CA) announced [Thursday] she does not have the votes to ram through the Senate version of the bill, so she called for a pause on the whole issue, saying we're not in a rush."

The [CBS Evening News](#) (1/21, story 2, 2:20, Couric) also noted that Pelosi "conceded...she does not have the votes to get the Senate bill through the House." [AFP](#) (1/21) notes that Pelosi cited "'unrest' and 'unease' among House Democrats."

The [Washington Post](#) (1/22, Murray, Kane) reports, "Pelosi described her members as vehemently opposed to a provision that benefits only Nebraska's Medicaid system, language added to win the vote" of Sen. Ben Nelson (D-NE). The Post adds, "Also problematic are the federal subsidies the Senate would offer to uninsured individuals, which some House liberals view as insufficient, and the excise tax it would impose on high-value policies, which could hit union households." The [Washington Times](#) (1/22, Haberkorn), [The Hill](#) (1/22, Fabian, O'Brien, subscription required), and the [Christian Science Monitor](#) (1/22, Chaddock), among other news outlets, also report Pelosi's comments this morning.

On [NPR's Talk Of The Nation](#) (1/21, Roberts), health correspondent Julie Rovner said, "I think in both the House and the Senate, lawmakers are in full hair-on-fire panic mode. They have been running around, trying to figure out what to do next, how to salvage this bill that was this close to getting to the President's desk. As of last Friday, they were really very close...and then, obviously, as they were starting to see these polls from Massachusetts that looked increasingly like Martha Coakley was not going to make it...the negotiations kind of came to an abrupt halt Friday afternoon. And now, it looks like that bill is no more."

Democrats ponder "piecemeal measures," "consensus" bill. [The Hill](#) (1/22, Allen, subscription required) reports, "There is growing consensus in the House Democratic Caucus that comprehensive healthcare legislation is dead and the only option is to pass a series of piecemeal measures." A "leadership aide" tells The Hill, "Today the momentum of support was for sequencing this bill and bringing provisions to the floor individually."

The [New York Times](#) (1/22, A1, Pear, Herszenhorn) reports on its front page that "the consensus measure would be less ambitious and less contentious than the bills the House and the Senate passed last year. It would use carrots rather than sticks to achieve some of the same goals." The bill "would extend coverage to perhaps 12 million to 15 million people -- and provide political cover to Democrats, who said they could not simply drop the issue after spending so much time and effort on it last year."

The [Wall Street Journal](#) (1/22, Adamy, Bendavid, subscription required) reports that Pelosi cited provisions that would prevent insurers from denying coverage for regarding pre-existing conditions, that would repeal the insurance industry's antitrust exemption, and that would cap insurers' profits.

[Roll Call](#) (1/22, Drucker, subscription required) reports that on Thursday, Senate Democratic Conference Vice Chairman Charles

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Schumer (NY) said that "his caucus is still weighing its options in the wake of Republican Scott Brown's (R) stunning election to succeed the late Sen. Edward Kennedy (D) in Massachusetts." He said, "We're all exploring the right way to go. ... Obviously, you cannot just proceed as if nothing happened, because something very significant happened. But there's a strong view...that we want to do some good things in healthcare. The question is how -- how much and how quickly?"

Families USA director urges lawmakers not to take an incremental approach to health reform. [CQ HealthBeat](#) (1/21, Reichard, subscription required) reported that as "Democrats...talk increasingly about some kind of scaled-back bill while promising that they will still move forward," in a letter to lawmakers Families USA Executive Director Ron Pollack said "this incremental approach is a recipe for disaster." He added, "This is your moment for political courage, vision and leadership." Pollack asked officials "not to 'abandon' the 31 million Americans without healthcare benefits.

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.**

Legislation and Policy

Analysts say failure of health reform could hurt insurers.

On the front of its Business Day section, the [New York Times](#) (1/22, B1, Abelson) reports that while "health insurers might seem to have reason to celebrate" if the healthcare reform bills fail, "more of the same might not actually be such good news for insurers, some health policy experts and Wall Street analysts say." Without healthcare reform to "force" insurers to change their business, insurers would "still face the daunting challenge of selling a product that is increasingly out of reach for more Americans as the cost of medical care -- and thus premiums -- continues to climb." One healthcare investment strategist noted that while "insurance stocks might benefit in the short run," a health overhaul would deliver up to "30 million new customers to the insurance market."

Groups urge Congress not to abandon health overhaul.

The [Los Angeles Times](#) (1/22, Levey) reports, "Even as congressional Democrats began examining ways to scale back their far-reaching health legislation, a wave of consumer groups, patient advocates, and doctors on Thursday called on Democrats not to abandon the comprehensive health overhaul they've worked so long to pass." Officials of "AARP, American Cancer Society Cancer Action Network, Consumers Union, Families USA, and Service Employees International Union" wrote, "The legislation passed by the House and Senate would broaden access to quality, affordable healthcare to tens of millions of people who are currently uninsured or underinsured." In fact, many of them "believe that breaking apart the painstakingly assembled legislation into smaller parts presents a major challenge because the healthcare system is so interconnected."

Similarly, [CQ Today](#) (1/22, Armstrong, Wayne, subscription required) reports, "A small but vocal group of House members and interest groups backing a healthcare overhaul are urging Democrats not to panic and abandon the effort after Tuesday's embarrassing defeat in the Massachusetts special election." Rep. Patrick J. Kennedy (D-RI), son of the late Sen. Edward Kennedy, charged that many Democratic lawmakers were planning to abandon health reform in order to protect their careers. Meanwhile, "a number of key interest groups...sent a letter to Congress on Thursday urging Democrats to send the Senate bill to Obama to sign."

USA Today/Gallup poll finds Obama, Democrats should seek GOP support on healthcare.

[USA Today](#) (1/22, Page) reports, "A 55% majority of Americans say President Obama and congressional Democrats should suspend work on the healthcare bill that has been on the verge of passage and consider alternatives that would draw more Republican support, a USA TODAY/Gallup Poll finds." The findings "underscore the unsettled prospects for healthcare legislation...in the wake of Republican Scott

Brown's upset victory in the Massachusetts Senate race Tuesday." An "overwhelming 72% of those surveyed Wednesday say Brown's victory 'reflects frustrations shared by many Americans, and the president and members of Congress should pay attention to it."

California Democrats reintroduce bill to create single-payer state healthcare system.

The [New York Times](#) (1/22, A22, McKinley) reports that "Democrats in California revived a bill on Thursday that would create a single-payer, universal healthcare system in the state." The plan "would establish a statewide healthcare system to cover all residents, using a new state agency to negotiate and set fees for services and pay claims." California Republicans "jumped at the opportunity to slam the Democratic plan," calling Democrats "either tone-deaf or delusional."

On Thursday, the state "Senate Appropriations Committee released the bill for a vote by the full Senate next week," the [AP](#) (1/22, Thompson) explains. "Creating a single-payer system would cost California an estimated \$210 billion in its first year." State Sen. Mark Leno (D-San Francisco), who introduced the bill, said that "that's roughly double the size of the total state budget, but about what the state and federal government and residents cumulatively spend now on California healthcare."

The [Contra Costa Times](#) (1/22, Vorderbrueggen) notes, "The bill does not spell out how California would pay for a program that would cost more than twice the state's \$85 billion general fund. That would be left up to an appointed panel and ultimately, voters." All three reports mention the recent election of Scott Brown to US Senate in Massachusetts, which has put federal healthcare reform "on life support," according to the Contra Costa Times. According to the New York Times, Sen. Leno said that the timing was "coincidental."

Georgia considers tax on insurers, hospitals to close Medicaid funding gap.

The [Atlanta Journal-Constitution](#) (1/22, Schneider) reports that "Georgia is projecting a \$608 million deficit in Medicaid, and Gov. Sonny Perdue (R) is proposing a tax on hospitals and managed care insurers to help bridge the gap." The gap in Medicaid funding "is largely due to the reduction of \$506 million in money from sources that include the federal stimulus program and the national settlement with tobacco companies." The recession also "has spurred a projected 7.7 percent increase in enrollment in the state's Medicaid health program for the needy from July 2009 to June of this year."

The [AP](#) (1/22, McCaffrey) explains that to fill the gap, Gov. Perdue "put forward a proposal which would charge hospitals and health insurance plans a 1.6 percent fee on their total revenues." The AP notes that "it's the second year Perdue has pushed the proposal, which would leverage additional federal matching dollars."

The [Atlanta Business Chronicle](#) (1/22, Williams) notes that there is "some grumbling but little opposition" to the proposal. "The two fees would generate nearly \$345 million in state revenue and allow the Georgia Department of Community Health to draw down just more than \$1 billion in additional federal funds."

AARP, AMA pushing for permanent SGR solution.

[MedPage Today](#) (1/21, Walker) reported that the AMA "was hoping the momentum of healthcare reform would carry along legislation that would finally repeal the much-despised sustainable growth rate (SGR) formula that governs Medicare payments to doctors. But, with the reform movement floundering with the election of Massachusetts Republican Scott Brown to the US Senate, the AMA and other groups are renewing efforts to make sure Congress doesn't bypass doctor payment issues this year." The groups "have been pushing hard for a permanent solution."

[Medscape](#) (1/21, Lowes) also reported on "a pitch" on Thursday "for what might be the orphan child of healthcare reform -- Medicare's controversial method for setting physician reimbursement, which stands to decrease 21.2% in March unless Congress acts." AMA board member Ardis Hoven, MD, an infectious disease specialist from Lexington, Kentucky, said, "Physicians want to care for seniors and military patients, but we can't keep our doors open to all patients when the government doesn't cover the cost of providing that care." A recent TV spot "sponsored by the AMA and AARP has been making these points since last Friday. Instead of emphasizing the effect of the looming Medicare pay cut on physician finances, the ad frames the issue as 'the physician access problem.'"

Public Health and Private Healthcare Systems

UnitedHealth reports 30% increase in fourth-quarter profits.

The [AP](#) (1/22) reports, "Managed care company UnitedHealth Group, Inc. wrapped up 2009 with a third-straight quarterly profit increase, but it starts 2010 still hampered by high unemployment, which hurts its biggest insurance segment." The company "said Thursday its fourth-quarter profit rose 30 percent, due in part to premium increases and a big legal charge that weighed down results in the last quarter of 2008. But, UnitedHealth's commercial enrollment -- which includes higher-margin business like employer-based and individual health plans -- fell by 1.7 million people, compared with the year-earlier period." Overall, UnitedHealth "ended 2009 with commercial enrollment of 24.6 million, a drop of 6.5 percent. Partially offsetting those losses was a 12.5 percent increase in enrollment for Medicare and Medicaid

plans to just under 7.4 million people."

Another [AP](#) (1/22) article notes, "The insurer raised its revenue guidance for 2010 slightly, to more than \$90 billion. But, it did not change its earnings guidance of \$2.90 to \$3.10 per share." Commenting on this, CEO Stephen J. Hemsley said, "I think it's quite early for us to offer any indication, other than that environment has not changed from about a month ago when we had our Investor Day, and that environment is quite challenging. We have a lot of work to do in 2010 to hit the guidance that we've offered."

[Bloomberg News](#) (1/22, Nussbaum) reports, "UnitedHealth Group, Inc., the biggest US health insurer by revenue, beat analysts' estimates for fourth-quarter profit as sales of coverage for the elderly grew and costs for treating swine flu tapered off. Net income rose 30 percent to \$944 million, or 81 cents a share, from \$726 million, or 60 cents, a year earlier, when a \$350 million legal settlement damped results." Matt Perry, a New York-based analyst for Wells Fargo Securities LLC, pointed out, "'The extreme outperformance' of UnitedHealth and its competitors' stocks in the last six weeks 'was somewhat justified by the collapse of healthcare reform and an increased appetite for risk.'" The [Wall Street Journal](#) (1/22, Johnson, subscription required) also covers the story.

Kentucky to receive \$2.6 million from CMS to help its EHR incentive program.

[Business First of Louisville](#) (1/22) reports that Kentucky will receive "\$2.6 million in federal matching funds from" CMS "to help fund the development of the state's electronic health records incentive program." Kentucky "will use the funding to analyze the progress" of the "state's health information technology initiative, according to the release" from CMS. The release also notes that the funds will help officials create a state Medicaid health IT plan.

Also in the News

Woman sues OPM for same-sex marriage health benefits.

In the [Washington Post](#) (1/22) Federal Diary column, Joe Davidson discusses a lawsuit filed against the Office of Personnel Management for its refusal "to obey a federal judge's administrative order" to rescind a directive to a federal employee's health insurance company "that said her spouse," a woman, "is not eligible to receive family benefits." Davidson also examines new legislation introduced Thursday by Rep. Stephen F. Lynch (D-MA) that would "provide greater scrutiny over pharmacy benefit managers serving the government's workforce," and the nearly \$15 increase in Medicare premiums for Social Security recipients.

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