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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

### US healthcare spending saw largest one-year increase last year.

CMS released a report Wednesday in the journal Health Affairs that showed healthcare spending continued to grow in the US last year, and now constitutes 17.3% of the country's GDP. Most major newspapers covered the story. The [Washington Post](#) (2/4, A7, Brown) reports, "Healthcare spending in the United States grew last year despite a contracting economy," according to the CMS numbers. The 1.1% increase "in 2009 compared with 2008" is "the largest one-year increase since at least 1960." The government estimates that by 2019, "healthcare spending will be \$2 trillion higher than it is now, it will represent 19.3 percent of the economy, and the government will pay 52 percent of it."

The [Wall Street Journal](#) (2/4, A1, Landers, subscription required) reports on its front page that in 2011 government programs are predicted to take up more than half of the country's healthcare spending.

The [Los Angeles Times](#) (2/4, Levey) calls the report "a stark reminder of growing costs." But, the increases, "driven in part by surging spending in Medicare and Medicaid, and the bleak projections for the future do not take into account changes that may come if Democrats revive their healthcare overhaul legislation."

For 2009, the [New York Times](#) (2/4, A18, Pear) explains, "A major factor in the growth of health spending was the increase in Medicaid enrollment and Medicaid spending as a result of rising unemployment. As people lost jobs, they lost private insurance, and many turned to Medicaid."

Christopher Truffer of Medicare's Office of the Actuary, who authored the report, noted "This is certainly a very steep rate of growth," [USA Today](#) (2/4, Fritze) reports. The figures are "the latest indication of the nation's mounting medical expenses and it comes as Congress has stalled on President Obama's proposal to revamp the healthcare system."

The [AP](#) (2/4, Alonso-Zaldivar) calls the report "a reality check in the debate over Obama's healthcare plan, which has been dominated by disagreements over how large a role government should play." CMS' Chief Actuary Richard Foster "said the recession has only worsened the two stubborn problems facing the US healthcare system: lack of insurance coverage and high costs." He said, "All that argues that some form of healthcare reform is a good idea."

[Bloomberg News](#) (2/4, Thomas) reports that, according to CMS, "Outlays by Medicare...will expand at an average annual pace of 6.9 percent" from 2009 through 2019, "after jumping 8.1 percent in 2009 to \$507.1 billion." The report also found that "all US spending on prescription drugs rose an estimated 5.2 percent last year to \$246.3 billion, fueled by the new swine-flu outbreak, higher drug use, and higher prices for brand-name medicines as opposed to cheaper generics." [The Hill](#) (2/4, Young, subscription required), [Kaiser Health News](#) (2/4, Weaver), and [Reuters](#) (2/4, Smith) also cover the story.

**Increasing health spending will starve other sectors of society, columnist writes.** In his [Washington Post](#) (2/4, A17) column, George Will writes that Nobel Prize-winning economist Robert Fogel warned last September that "spending on healthcare is going to surge, for two reasons: By living longer, Americans will become susceptible to more health problems. By becoming richer they will be

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able to purchase more biotechnologies that make health interventions more effective." Will says, that might mean "starving every other sector of society." Fogel also says that by 2040, China's "40 percent share of global GDP will be almost triple that of the United States' 14 percent" because "while China increasingly invests in its future, America increasingly invests in its past: the elderly."

## 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.**

## NAHU in the News

### Report says Maryland's private sector equipped to absorb state's uninsured.

The [Baltimore Sun](#) (2/3, Cohn) reported, "Maryland's private sector is equipped to inform and absorb the state's uninsured on its own, according to a report to be released...by the National Association of Insurance and Financial Advisors of Maryland and the Maryland Association of Health Underwriters." The authors of the report "concluded the state's current system already includes intermediaries who can supply information to individuals and small businesses, connect them to coverage, and provide them with administrative services, such as billing and handling of government subsidies that many newly insured may qualify for -- the same functions a new exchange would perform."

## Legislation and Policy

### Insurance measure to be introduced Friday in House.

[Roll Call](#) (2/4, Bendery, subscription required) reports, "House Democratic leaders are moving forward with Plan B for passing healthcare reform" as "freshmen Reps. Tom Perriello (D-VA) and Betsy Markey (D-CO) will file legislation on Friday aimed at barring the insurance industry from fixing prices and setting their own markets without being investigated." The bill "is the first in what is expected to be a series of healthcare-related measures that reflect the piecemeal approach House Democratic leaders are now taking to moving the overhaul."

### GOP could stall healthcare vote through reconciliation amendment loophole.

[The Hill](#) (2/4, Bolton, subscription required) reports Senate Democrats "may not be able to force healthcare legislation through the chamber on a simple majority vote" because Republicans "say they have found a loophole in the budget reconciliation process that could allow them to offer an indefinite number of amendments." Though the tactic has not yet been used, Sen. Jim DeMint (R-SC) "says he's prepared to test the Senate's stamina to block the Democrats from using the process to expedite changes to the healthcare bill." Experts "on Senate procedural rules, from both parties, note that such a filibuster is possible."

### Survey finds most still doubt health reform will pass.

The [New York Times](#) (2/3, Seelye) "Prescriptions" blog reported that a Pew Research Center survey released Wednesday found that "most Americans think healthcare legislation is doomed...but a growing, if still small, percentage of people are becoming more optimistic that it may pass." Sixty percent of respondents "said they thought healthcare legislation would not pass this year," down from 67% shortly after the election of Scott Brown (R) in Massachusetts. "Among those who have been following the debate closely, there was even a stronger sign of optimism. Right after the Massachusetts election, only 23 percent of that group thought the legislation would pass. Last week, 35 percent said it would pass."

## Groups push to extend exceptions to Medicare therapy cap.

[CQ HealthBeat](#) (2/4, Reichard, subscription required) reports that, according to healthcare lobbyists, "Medicare patients who require outpatient rehabilitation treatment to recover from strokes and other disabling conditions are facing a cutoff of those services unless they can cover the costs themselves." The point "at which Medicare cuts off payments for physical and occupational therapy and speech-language pathology services," called "the 'therapy cap,'" is currently set at \$1,860 in reimbursements "in a calendar year." The cap has been delayed each year since it was enacted in 1997, but "legislation that provides for exceptions to the cap ran out at the end of 2009." Groups are now pushing Congress to enact the exceptions again to delay the cap.

[The Hill](#) (2/4, Young, subscription required) also covers the cap, adding that it "would hit hardest those patients who have the greatest need for rehabilitation therapy services, such as those who have suffered strokes or serious physical injuries and people with disabilities. Lawmakers have contacted the Obama Administration saying some of their constituents have already exhausted their annual benefit just one month into the year."

## Maryland bill would extend dependent adults' healthcare to 30.

The [AP](#) (3/4, Miller) reports that the Maryland state Senate Finance Committee is considering "a bill to allow people under 30 years old to be considered dependents on their parent's healthcare plan." Currently, Maryland "allows dependent individuals to remain on a parent's plan until they are 25 years old. Baltimore County Sen. James Brochin wants to raise the age limit to cover dependents up to 30 years old, which he says would help graduate students, veterans returning to school and young adults who've been laid off and are seeking employment."

## Missouri Senate approves legislation mandating autism coverage.

The [AP](#) (2/4) reports, "The Missouri Senate has given preliminary approval to a bill that would require insurance providers to pay for treatment for autistic children." The legislation "would require insurance companies to pay up to \$55,000 for behavioral treatment until an autistic child reaches the age of 21." Despite continued support from Gov. Jay Nixon (D) and legislative leaders, the insurance industry says the measure "would increase insurance costs."

The [St. Louis Post-Dispatch](#) (2/4, Young) reports the Missouri state Sen. Scott Rupp (R) "originally sought coverage for up to \$72,000 in therapy but settled for \$55,000, which he said was high enough to put him in a 'good negotiating position' with the House." However, "left out of both the House and Senate bills was a requirement that the state provide the same benefits to autistic children on Medicaid," after "senators said the cost would kill the bill." The [Missourian](#) (2/4, Coleman) also covered the story.

## Public Health and Private Healthcare Systems

### Sanford Health Plan approved to sell health insurance in North Dakota.

The [AP](#) (2/4, Nicholson) reports, "North Dakota regulators have given approval to Sanford Health Plan to sell health insurance in the state." However, on Feb. 3, Insurance Commissioner Adam Hamm "said Sanford, which has headquarters in Sioux Falls, SD, still needs to get its insurance products and rates approved." Currently, "only a dozen companies sell individual and group health insurance policies in North Dakota," with Blue Cross Blue Shield of North Dakota commanding "a state market share of almost 90 percent as measured by premium dollars."

### Oregon uses lottery to admit 2,000 more to state health plan.

[The Oregonian](#) (2/2, Dworkin) reported, "About 2,000 Oregonians were picked to get medical insurance coverage under the Oregon Health Plan in a lottery held Monday. The winners were picked from roughly 50,000 names of uninsured, low-income adults whose income qualifies them for the Medicaid program." Notably, the 2,000 will be added to the "roughly 30,000 Oregon adults" already covered by OHP; and state officials believe that as many as "140,000 Oregon adults might qualify for the coverage." Oregon's new "fee on hospitals and matching federal dollars" will help cover the expanded coverage, according to Lynn Read, a deputy assistant director in Oregon's Medicaid program. Read said Oregon plans to "hold more drawings in the future, aiming to hit an enrollment of 60,000" in OHP by mid-2011.

### North Carolina expands free prescription drug program to all low-income residents.

The [Charlotte \(NC\) Observer](#) (2/4, Garloch) reports, "North Carolinians who can't afford prescription drugs can now get them free through a Charlotte-based mail-order pharmacy operated by NC MedAssist, the attorney general's office and the NC Association of Free Clinics." MedAssist since March has offered "free drugs to low-income residents as part of a limited, pilot program," which expanded this week "to

serve residents statewide." The program is for patients with "no other insurance or means of purchasing prescription drugs" and "is financed by \$2.3 million in grants from the state's share of legal settlements that involved pharmaceutical companies."

## TennCare cuts said to have massive impact on federal funding.

The [Chattanooga Times Free Press](#) (2/4, Sher) reports that Craig Becker, president of the Tennessee Hospital Association, said on Wednesday that hospitals in the state "could lose a half billion dollars under the cumulative effect of Gov. Phil Bredesen's (D) proposed TennCare cuts." Becker "warned that some hospitals such as the Regional Medical Center at Memphis could be forced to close." Gov. Bredesen acknowledged that the cuts would likely impact patients, but maintained that the TennCare costs "are such a huge piece of the budget that you can't possibly balance the budget without dealing with some of these TennCare issues."

## Nebraska legislation seeks to speed pace of Medicaid payments.

The [Lincoln Journal Star](#) (2/4, Young) reports that several behavioral health providers endorsed Nebraska state Sen. Kathy Campbell's legislation "that would require the state of Nebraska to pay Medicaid claims more promptly." The bill "would require the Department of Health and Human Services to pay, deny or settle Medicaid claims that need no additional information within 45 days of receipt." However, HHS Medicaid Director Vivianne Chaumont "responded in a letter that the payment standards set forth in the bill are greater than the federal standard."

### Senior Market News

## Caregiver Initiative in proposed budget would boost funds for elderly care.

The [New York Times](#) (2/3, Span) "New Old Age" blog reported that advocacy groups representing the elderly are celebrating the inclusion of the Caregiver Initiative in the Administration's proposed 2011 budget. The initiative would provide "significant boosts" to programs like the National Family Caregiver Support Program, "which gives grants to the 640 area agencies on aging around the country to provide local families with training, counseling, information and referrals, and respite care." The budget also doubles the financing of the Lifespan Respite Care program and adds a 12% increase for the Home and Community Based Services program. "AARP analysts estimate that these increases -- if they're actually passed -- will assist an additional 200,000 families."

## Nursing homes come up lacking in annual report.

The [Tennessean](#) (2/4, Sanchez) reports that a study by the Centers for Medicare and Medicaid Services has determined that Tennessee ranks "among the worst in the nation for quality of long-term care." The state "has one of the lowest staffing requirements in the country -- less than half of what Medicare recommends," although the state results "were better this year in quality of care, which measures such factors as the number of patients developing bedsores and infections." The study gives nearly 15,000 nursing homes nationwide ratings of one to five stars. Tennessee "ranked in the bottom five," and "only West Virginia, Texas, Georgia and Louisiana had lower average scores."

The [Newark Advocate](#) (2/4, Mallett) reports that several New Jersey institutions also came up short in the evaluation, as "every local nursing home received a below-average score in at least one category." Several nursing home directors blamed the ratings system itself, which they said "should not be used as a substitute for visiting facilities before making a choice." However, "Medicare spokeswoman Mary Kahn said" that "even the lowest-rated homes still must meet baseline Medicare conditions."

### Uninsured

## Number of uninsured expected to pass 57 million without health reform.

In his column in the [Wall Street Journal](#) (2/4, subscription required), David Wessel writes on what will happen if, as he predicts, no healthcare reform passes. According to the Urban Institute, a best case scenario would have uninsured rates rise to over 20% of Americans, 57 million people, up from 49.1 million in 2009. Wessel worries that the government has become unable to solve even part of the healthcare problem.

**Georgia ranks fifth in uninsured residents.** The [Atlanta Journal-Constitution](#) (2/3, Schneider) reported, "Only California, Texas, Florida, and New York have more uninsured individuals than Georgia," according to data collected by Georgia State University. In fact, the "number of Georgians without health insurance increased by 40,000 to 1.67 million from 2007 to 2008." Notably, in 2007, Georgia ranked sixth in the nation.

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