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

Customized Briefing for Brett Houston

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Editor's Note

In honor of Presidents Day, there will not be a briefing on Monday, February 15. We will resume service on Tuesday, February 16. We wish our readers a happy holiday.

Leading the News

Sebelius rejects WellPoint's explanation of Anthem Blue Cross premium increases.

The [Los Angeles Times](#) (2/12, Helfand) reports that WellPoint, Inc., "offered a spirited defense" of premium increases "for customers with individual health insurance policies in California," by its subsidiary Anthem Blue Cross, saying that the increases "reflect soaring medical costs and an exodus of healthy consumers from its ranks." The firm also said that "less than a quarter" of its policy holders will have rate increases at the oft-cited level of 39%, explaining that "the average will be about 25%." In response, HHS Secretary Kathleen Sebelius said, "It remains difficult to understand how a company that made \$2.7 billion in the last quarter of 2009 alone can justify massive increases that will leave consumers with nothing but bad options."

The [AP](#) (2/12, Murphy) reports, "Sebelius had called the increases 'extraordinary' and told the insurer in a letter she was disturbed to learn about them. She also has demanded that the insurer answer questions about how much of a profit it will make from the hike." WellPoint executive Brian Sassi said that "the Anthem Blue Cross unit at the heart of the inquiry lost millions in 2009."

The [New York Times](#) (2/12, A21, Seelye) reports that Secretary Sebelius "declared the explanation inadequate." The company's rate increases are said to have "galvanized some Democrats in Washington."

[Politico](#) (2/12, Marr) reports on WellPoint's letter, adding that "Sebelius shot back that the company's explanation didn't jibe with its financial statements." [CQ HealthBeat](#) (2/12, Reichard, subscription required) also notes the firm's defense of its premium increases, and says, "Sebelius wasn't buying it."

In a separate article, the [AP](#) (2/12, Murphy, Alonso-Zaldivar) reports that President Obama is using WellPoint as "Exhibit A in his campaign to revive the healthcare overhaul." Noting criticisms of the firm by Secretary Sebelius, White House spokesman Reid Cherlin, and Senate Majority leader Harry Reid (D-NV), the AP notes, "Whether it will be enough to re-ignite the sputtering healthcare legislation, remains uncertain," as the bills "are stalled" because "Democrats in the House can't accept the healthcare bill that Democrats in the Senate have produced, and vice versa." The rate increases "could help Obama make his case that Republicans need to come to the table on healthcare." Meanwhile, "Sebelius ordered a federal inquiry." [Reuters](#) (2/12, Heavey) also reports the story.

[ABC News](#) (2/11, Miller), on its "Political Punch" blog, reported, "Anthem Blue Cross responded to the letter from Health and Human Services Secretary Kathleen Sebelius in which she asked the California insurance company this week to 'provide a detailed justification' for their 39% premium hike." The article does not cover Sebelius' response, but noted, "President Obama in recent days [has] used this

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California insurance company as an example of why healthcare reform is so urgent."

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

Bipartisan healthcare meeting seen as deadline for Democrats to agree.

The [Christian Science Monitor](#) (2/12, Chaddock) reports that "President Obama's call for a bipartisan healthcare meeting on Feb. 25 is keeping the issue in play -- and in public thought." The meeting is "also giving House and Senate Democratic leaders a window -- and a deadline -- to negotiate differences between the Senate and House reform bills." Yet, "House Democrats balked at passing the Senate healthcare reform bill," and "Republicans want assurances that President Obama is willing to scrap existing bills and start over." Meanwhile, "Democratic leadership staff are working through the recess to try to reach agreement on a common healthcare strategy by Feb. 25."

Meeting offers opportunity for Republicans. [Politico](#) (2/12, O'Connor, Brown) reports that the meeting "gives the GOP a venue to accomplish something it hasn't been able to do since President Barack Obama took the oath of office: Sell voters on Republican solutions to big problems." But "congressional Republicans still don't know who among them will be invited to Blair House on Feb. 25." And "more than having a sales pitch, the GOP needs an effective salesman."

PhRMA head Tauzin resigns.

On the front of its Business Day section, the [New York Times](#) (2/12, B1, Kirkpatrick, Wilson) reports, "Billy Tauzin, one of the highest paid lobbyists in Washington, is resigning as president of the pharmaceutical industry's trade group amid internal disputes over its pact with the White House to trade political support for favorable terms in the proposed healthcare overhaul." The PhRMA head "brokered the deal last summer with the White House and Max Baucus, chairman of the Senate Finance Committee, to limit the drug industry's total costs under the proposed healthcare overhaul to \$80 billion over 10 years." The Times calls the announcement "the latest unexpected fallout of the Republican upset in the Massachusetts Senate race, which abruptly transformed the healthcare overhaul from a near inevitability to a daunting cause."

According to the [Los Angeles Times](#) (2/12, Hamburger), Tauzin's resignation further complicates "the outlook for passage of comprehensive legislation this year." One Los Angeles Times source "said Tauzin was asked to stay by a majority of the board members of...PhRMA. The source said that Tauzin's decision to leave was strictly personal."

IRS efforts to promote healthcare tax credit see little success.

The [Los Angeles Times](#) (2/12, Olivarez-Giles) reports that IRS "efforts to promote the Health Coverage Tax Credit have had little success," despite the fact that the credit "can pay as much as 80% of...healthcare costs" for those who are eligible. So far, "about 23,000 out of an estimated 100,000 potentially eligible people are receiving the credit." Among those eligible are "retirees ages 55 to 65 who receive a pension from the Pension Benefits Guaranty Corp.," and "workers laid off because of certain international trade issues or when their jobs were sent overseas and who are receiving benefits from the Trade Adjustment Assistance Program." But the article reports that those laid off and receiving benefits become ineligible as soon as they take a job, even if it is part time.

Reform said to be necessary to help small business.

John Arensmeyer, founder and CEO of Small Business Majority, writes in the [San Jose Mercury News](#) (2/12). "Countless studies show the

effect our healthcare system has on small businesses, each one more discouraging than the last." So "without an overhaul to our healthcare system, that future looks bleak. ... Congress must pass some version of the legislation on the table." Arensmeyer points to several "provisions that are crucial to small business success" including measures to control costs, health insurance exchanges, and tax credits. He concludes, "Without healthcare reform, we will continue to foster a climate that holds small businesses down."

Utah House passes bill to prevent federal health reforms from taking effect.

The [Deseret Morning News](#) (2/12, Thalman) reports that [HB67](#), "a bill that would prevent any federal healthcare reforms -- should Congress approve any -- from taking effect in Utah without approval of the Legislature and the governor, passed 53-20 Thursday in the Utah House." State Rep. Carl Wimmer (R-Herriman) "said his bill is a necessary barrier against a wave of healthcare reform mandates about to come from Washington." But, "Democrats and at least one Republican countered during floor debate that not only is HB67 a sky-is-falling response to federal reforms, it is premature, will likely be proved unconstitutional, and will have an immediate real-life effect on the state's neediest Utahns on Medicaid."

Massachusetts regulator considers easing health insurance mandate.

The [Boston Globe](#) (2/11, Lazar) "White Coat Notes" blog reports that the Massachusetts Connector Authority board is "considering proposed changes to health insurance rules that could result in fewer residents facing a tax penalty for not having health insurance." The board on Thursday "weighed several potential changes to the complex standard it uses to determine whether health insurance is affordable for individuals, couples and families, a standard that is also used to decide who will face a tax penalty for not having coverage." Some regulators hope to ease the standards, pointing to rising healthcare costs, while others argue that "loosening the rules too much would undermine the state's health law, because it will result in fewer people being required to purchase health insurance."

Bill changing FEHB criticized.

Mark Merritt, president and CEO of the Pharmaceutical Care Management Association, writes in [Roll Call](#) (2/12, subscription required) in opposition to the Federal Employees Health Benefits Program Prescription Drug Integrity, Transparency and Cost Savings Act, saying it includes "risky changes...that would disrupt prescription benefits for 8 million federal employees and retirees, reduce their choices and eliminate tools used by the program to save federal workers money." Merritt explains that while "FEHBP is a huge success," the bill would cause FEHB "to stop managing drug benefits like a Fortune 500 company and instead operate more like Medicare or Medicaid, which whatever their other virtues, are both on the verge of insolvency because of their inability to control costs."

Public Health and Private Healthcare Systems

Group reports top insurance companies' profits are up.

The [New York Times](#) (2/12, A21, Seelye) reports Health Care for America Now [HCAN] issued a report yesterday saying that "the five biggest insurance companies," WellPoint, Cigna, UnitedHealth Group, Inc., Aetna, Inc. and Humana, Inc., "had an average profit last year of 5.2 percent -- for a combined total of \$12.2 billion." In response, America's Health Insurance Plans spokesman Robert Zirkelbach said that "historically...the average profit margin for the industry has been relatively low, three to five percent." HCAN's Richard Kirsch said that "although the insurance companies lost 2.7 million customers last year during the recession...they raised their premiums so much that they still made substantial profits."

The [Seattle Times](#) (2/12, Levey) reports that the HCAN "report was aimed at bolstering the drive by Democrats to complete work on a healthcare overhaul." It is said to be "intensifying pressure on an industry already under attack for raising premiums and denying coverage to millions of Americans."

Medicare provisions to be dropped from jobs bill.

[CQ Today](#) (2/12, Wayne, subscription required) reports, "The dispute among Senate Democrats over how to design and pass a jobs bill is complicating the outlook for a set of unresolved healthcare issues." That's because a bill introduced by Sens. Max Baucus (D-MT) and Charles Grassley (R-IA) included a number of healthcare provisions, but Majority Leader Reid "declared the measure dead," favoring a "narrower bill." Reid said that the other provisions would be in a separate bill. Yet, "absent any action, Medicare will be required to cut physician fees 21 percent on March 1," and "since January, Medicare has been unable to grant its beneficiaries an exception from the program's spending caps on physical and rehabilitative therapy." Congressional action on both is said to be "likely" by "March 1, as the political consequences of deferring either could be severe."

Tennessee to lift CHIP cap.

The [AP](#) (2/12) reports that in a speech to the Tennessee Press Association Thursday night, Gov. Phil Bredesen (D) announced the state "will reopen enrollment in CoverKids, the state's health program for uninsured children, beginning next month." In November, the state "capped the enrollment in Tennessee's version of the federal State Children's Health Insurance Program -- known as SCHIP -- because of budget constraints."

Proposed Michigan budget would cut Medicaid reimbursement, create physician assessment.

[Modern Healthcare](#) (2/12, Blesch, subscription required) reports that "Michigan hospitals and physicians are criticizing the fiscal 2011 budget request unveiled by Gov. Jennifer Granholm (D), which would maintain an 8% cut to Medicaid reimbursement rates implemented in the current budget and create a new assessment on physicians to help the state cover its Medicaid costs." Gov. Granholm's budget "also calls for the creation of an Office of Health Services Inspector General to chase Medicaid fraud and abuse," and would "end a state law shielding drug manufacturers from product liability and for a portion of settlements in lawsuits brought by Medicaid beneficiaries to offset Medicaid costs."

Oklahoma budget cuts could create issues for Medicaid patients.

The [Oklahoman](#) (2/12, Bisbee) reports, "Budget cuts at the agency that administers the state's Medicaid program could make it more difficult for patients to get the medical care they need, members of the state's medical association said Thursday." The Oklahoma Health Care Authority on Thursday also approved a 6.75 percent rate cut to Medicaid reimbursements that will begin April 1. Meanwhile, a survey of 204 Oklahoma doctors "showed that about 46 percent said they would stop seeing new Medicaid patients if the initial 3.25 percent rate cut remained in place."

Also in the News

AHIP announces pilot program for streamlining administrative duties at physicians' offices.

[CQ HealthBeat](#) (2/12, Reichard, subscription required) reports America's Health Insurance Plans, the nation's largest health insurance lobby, "announced Thursday a pilot program in New Jersey to make it easier for the staff in doctor's offices to verify insurance coverage, determine what out-of-pocket payments the patient owes and get paid faster by the insurance company, among other efficiency gains." AHIP officials claim this pilot, in addition to a similar program in Ohio, "will show other states how insurers and doctors can work together to make changes that are 'a very big deal' in doctor's offices." Although implementing the changes could result in a savings of "tens of billions of dollars," putting such streamlining programs in place throughout the nation "may take a number of years."

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