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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

In Push For Health Reform, Obama To Green-Light Reconciliation Strategy.

In a speech Wednesday, President Obama is expected to rally Congress to pass healthcare reform bill through the Senate's reconciliation process. [AFP](#) (3/2) notes that "this...would require the House to pass the Senate bill," and "the Senate to vote on a revised version of the legislation after the House has a chance to make changes to it." The [New York Times](#) (3/2, A14, Calmes, Herszenhorn) reports that the President "will begin" his "climactic push to rally restive Congressional Democrats to pass major healthcare legislation by hammering the argument that the costs of failure will be higher insurance premiums and lost coverage for individuals and businesses." White House Chief of Staff Rahm Emanuel tells the Times "Obama on Wednesday 'will talk about the merits of the legislation, mainly about the costs of doing nothing versus the cost of doing something and what this will accomplish."

The [Wall Street Journal](#) (3/2, Meckler, subscription required) reports that a White House official indicated that Obama will not specifically refer to "reconciliation" in his remarks, even as he endorses the strategy that will include that procedure. The Journal includes a quote from House Minority Leader John Boehner (R-OH), who says, "Trying to jam their latest job-killing back-room deal through Congress using this procedural trick would be a serious mistake." However, the Journal adds that reconciliation has been utilized in the past to approve healthcare bills -- such as SCHIP and the COBRA law.

Republicans are reportedly readying their own strategy to block reconciliation. [Roll Call](#) (3/2, Drucker, subscription required) reports that "Senate Republicans are preparing to wage a unified floor and message war to block" the procedure "and lay the groundwork for what they hope will be big electoral gains in November. ... Still under development is the legislative strategy, which Republicans hope will tie the majority party in knots and force vulnerable Democrats to take politically damaging votes -- if it doesn't derail reconciliation altogether." Roll Call adds that "any reconciliation vehicle might have to go through either the Finance Committee, the Health, Education, Labor and Pensions Committee or the Budget Committee -- or two out of the three. ... Republican operatives say GOP Senators on any of those committees would replicate the minority's floor strategy during deliberations required to report out a reconciliation bill."

Sen. Orrin Hatch (R-UT), in the [Washington Post](#) (3/2), writes that "America's Founders gave us a system of governance designed to limit government power and maximize liberty. ... That can be frustrating for those with ambitious agendas, but everyone benefits by respecting those checks and balances even as we fight over policies." Hatch urges Obama to take "the reconciliation procedure off the table. Let's move forward instead with bipartisan legislation that doesn't abuse the Senate's rules but that does address the challenges our country faces."

Business Roundtable Says Reform Should Be "National Priority." The [New York Times](#) (3/2, A14, Calmes, Herszenhorn) reports that "Obama's emerging message against higher insurance costs was seconded on Monday by the Business Roundtable, a Washington group representing major corporations. ... In a statement, the group's president, John J. Castellani, repeated its position that overhauling the health insurance system should be 'a national priority' given the burden of rising expenses on individuals, the government and especially employers."

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.

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

House Democrats Work To Garner Majority For Health Reform Bill.

Media reports continue to describe a difficult path for House Democrats to round up the votes they need to pass the Senate bill. The [New York Times](#) (3/2, A14, Calmes, Herszenhorn) reports, "Of the 38 House Democrats who voted against the healthcare bill in November, 25 are members of the fiscally conservative Blue Dog Coalition. They have expressed deep reservations about whether the country can afford such an expansive and expensive bill, though it includes spending reductions and tax increases to avoid adding to annual deficits." Meanwhile, "some House Democrats who oppose abortion rights have said they might vote against the Senate bill because its restrictions on insurance coverage for abortions are not as great as those in the House version. But reconciliation rules prevent changing provisions that do not have any budgetary impact."

The [Christian Science Monitor](#) (3/2, Grier) reports that "the House passed its own version of healthcare reform with a bare five-vote majority," and Speaker Pelosi "will face defections from conservatives...and liberals who oppose its less-generous subsidies for insurance purchase."

[Bloomberg News](#) (3/2, Jensen, Litvan) notes that "Rep. Baron Hill, an Indiana Democrat who voted for the original House bill," said Monday, "It looks like we're trying to cram something through." Hill "said he might not back a measure if it goes through reconciliation, which is intended for budget matters." Rep. Stephanie Hereth Sandlin (D-SD), meanwhile, said "a 'sizeable number' of the 54 fiscally conservative Democrats who call themselves Blue Dogs are also concerned."

The [AP](#) (3/2, Babington), on the other hand, reports that "nine House Democrats indicated in an Associated Press survey Monday they have not ruled out switching their 'no' votes to 'yes' on...Obama's healthcare overhaul, brightening the party's hopes in the face of unyielding Republican opposition." The AP adds that "in interviews with the AP, at least nine of the 39 Democrats -- or their spokesmen -- either declined to state their positions or said they were undecided about the revised legislation, making them likely targets for intense wooing by Pelosi and Obama. Three of them -- Brian Baird of Washington, Bart Gordon of Tennessee and John Tanner of Tennessee -- are not seeking re-election this fall. The others are Rick Boucher of Virginia, Suzanne Kosmas of Florida, Frank Kratovil of Maryland, Michael McMahon of New York, Scott Murphy of New York and Glenn Nye of Virginia."

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New Law Guarantees Mental-Health Parity In Insurance Coverage.

The [Washington Post](#) /Kaiser Health News (3/2, Boodman) reports that "an estimated 140 million Americans, most of them covered by group insurance plans provided by employers...are the beneficiaries of a sweeping new federal law designed to guarantee parity in insurance coverage." The new "law, which took effect for most plans Jan. 1, applies to groups of more than 50 employees and is designed to end what Health and Human Services Secretary Kathleen Sebelius called 'needless and arbitrary limits on care.'" As a result of the new

law, "higher deductibles, steeper co-pays, and other restrictions are no longer allowed for mental health and substance abuse treatment."

Massachusetts Law Said To Prevent Officials From Shifting Health Costs.

The [Boston Globe](#) (3/1, Murphy), in the second of two parts, reported on how Massachusetts "mayors, city and town leaders, and state officials, including Governor Deval Patrick (D), have launched repeated efforts to rein in the expense of providing healthcare to municipal workers, retirees, and elected officials." But organized labor groups have "largely refused to budge, resisting local efforts to transfer more healthcare costs to workers and move communities onto the state's healthcare plan. State lawmakers have shown little appetite for forcing an overhaul of the system." Massachusetts currently "forbids cities and towns from shifting healthcare costs to employees without bargaining with unions. It is this aspect of state law that municipal officials say the Legislature must rewrite to address the crisis."

BGlobe Says Massachusetts Municipal Healthcare Costs Too High. The [Boston Globe](#) (3/2) editorializes that "municipal healthcare costs in Massachusetts are unjustified and unsustainable. Curbing their excesses is an essential mission for the governor and Legislature." According to a Globe survey, "the cost of insuring municipal employees and retirees surged from 8 percent of the budgets of Massachusetts cities and towns to 14 percent" between 1999 and 2009. "The problem to be overcome is twofold: Lifetime benefits promised to workers for too-few years of public service, and a stubborn resistance by the state's Balkanized municipalities to seek savings in larger group plans or by shifting eligible seniors onto Medicare."

Utah Bill Removing CHIP Waiting Period For Young, Legal Immigrants Advances.

The [Salt Lake Tribune](#) (3/1, Villasenor) reported that "legislation that aims to remove a five-year waiting period for legal immigrant children to receive access to low-income healthcare was sent to the Senate floor." Starting July 1, 2012, some 800 children would become eligible for "Children's Health Insurance Program services." Noting that he's "totally against illegals," state Sen. Chris Buttars (R-West Jordan) said, "These kids are kids, and they're playing by the rules as best they can." On the other hand, "Sen. Allen Christensen (R-North Ogden) who opposed the bill, said the five-year wait is there for a reason: Legal immigrants are expected to take care of themselves for that time."

Public Health and Private Healthcare Systems

CMS Gives Congress 10 Days To Avoid Medicare Payment Cuts To Physicians.

The [AP](#) (3/2, Alonso-Zaldivar) reports, "Political gridlock in the Senate triggered a legal requirement Monday for a 21 percent cut in Medicare fees to doctors, who warned they may have to limit care for seniors unless the reductions are reversed." The Obama Administration expects "the Senate will act soon to stave off the cuts," and has "directed Medicare billing contractors to hold off processing claims for 10 business days." Jonathan Blum, director of CMS' Center for Medicare Management, said, "Our No. 1 goal is to avoid disrupting payments to physicians during this time."

The AMA "predicted dire problems for seniors if the stalemate isn't fixed," the [Palm Beach Post](#) (3/2, Singer) notes. AMA President Dr. J. James Rohack said, "The Senate had over a year to repeal the flawed formula that causes the annual payment cut." According to a CMS spokeswoman, if Congress does not act in the next ten days, "we are constrained to follow the statute. ... We have no choice."

[CQ HealthBeat](#) (3/2, Reichard, subscription required) notes that, along with reversing the 21% Medicare cuts, the bill before the Senate "extends provisions that expired Feb. 28 providing unemployment benefits and a 65 percent subsidy to lower the costs of paying for COBRA coverage." It would also "exempt pharmacies from accreditation requirements for providers of durable medical equipment" and "would extend through the end of the year an exceptions process that allows Medicare patients who need outpatient rehabilitation therapy."

MedPAC Recommendations Focus On Payment Systems.

[CQ HealthBeat](#) (3/2, Norman, subscription required) reports that MedPAC, "in its annual report to Congress issued Monday, rapped the continuing payment disparity that benefits private Medicare health plans over traditional Medicare." While the Medicare Advantage plans "continue to enroll members, are widely available, and offer enhanced benefits, MedPAC said" that they are subsidized by "taxpayers and beneficiaries in traditional fee-for-service Medicare...often at a high cost." The commission "also reminded Congress that fundamental problems remain within the traditional system, and recommendations included in the report for changing the base rates paid by Medicare to providers won't solve those problems." Among the recommendations intended "to increase the quality of care and improve coordination among scattered providers," MedPAC suggested "the beginning of bundling of payments for multiple services, 'medical homes' and accountable care organizations."

Consumer Group Sues Anthem For Restricting Coverage Without Offering Alternatives.

The [Los Angeles Times](#) (3/2, Helfand) reports, "A consumer group sued Anthem Blue Cross" for "violating state law." In its complaint, Consumer Watchdog said Anthem restricted access to coverage without offering comparable alternatives. The company "did this last fall,

just months before it informed policyholders who stayed put that their rates would rise as much as 39%, the suit says."

The [AP](#) (3/2, Mohajer) reported that California law requires "health insurers to offer new, comparable coverage or minimize premium increases when they close a policy." For its part, Anthem "blamed the current economic climate, flaws in the national healthcare system, high costs of healthcare and fewer young, healthy people holding onto insurance policies for the rate hikes."

The [San Francisco Chronicle](#) (3/2, Colliver) reports that the suit also "accuses Anthem of forcing older and sicker members, who are unable to switch carriers, to pay higher and higher premiums until they accept inferior coverage or drop coverage altogether." [Reuters](#) (3/2) also covers the story.

WellPoint CEO's Defense Of California Rate Hikes Seen As Unapologetic. The [Wall Street Journal](#) (3/2, Johnson, Mathews, subscription required) reports that WellPoint, Inc. Chief Executive Angela Braly took a combative approach in defending the company's California rate hikes, arguing that physicians and hospitals are driving the increase in healthcare costs. Rather than apologizing for the increases, Braly contended that fewer healthy people are buying policies due to the economic downturn and WellPoint would not otherwise be able to break even. Colorado Democrat Diana DeGette, who sits on the House Energy and Commerce Committee, noted that Braly "could have said, 'We're going to investigate how to improve our risk pools,' but she just said, 'This is the way it is.'"

Massachusetts Seeks Medicaid Waiver Adjustment To Aid Hospitals.

The [Boston Globe](#) (3/2, Cooney) reports, "Governor Deval Patrick is asking the Obama Administration for \$216 million for Cambridge Health Alliance, the state's only public acute-care hospital, and another \$115 million for six private hospitals with high Medicaid patient populations." Gov. Patrick is seeking an adjustment to the state's Medicaid waiver that would increase "support for all hospitals in the state...to \$480 million this fiscal year and next."

Massachusetts "has also asked for federal money to support programs in state hospitals, such as HIV/AIDS programs, that cost \$154 million."

Report Says Michigan's Healthcare Industry Had \$45 Billion Impact In 2008.

The [AP](#) (3/1, Headapohl) reported that, according to the "biannual economic-impact report from the Partnership for Michigan's Health" issued on March 1, "healthcare employed more than 900,000 people in Michigan as of 2008, generating more than 120,000 jobs in two years and becoming an even larger economic force." The report found that "the state's top private-sector employer, the healthcare industry, had an economic impact of more than \$45 billion -- 22 percent higher than in 2006." However, "whether the industry can continue generating new jobs at the same rate as in the past is in question, given the deterioration of Michigan's economy since 2008."

HHS OIG Investigates Potential False Medicaid Claims By CVS.

The [AP](#) (3/2) reports, "CVS Caremark Corp. received a federal subpoena...as part of an investigation into potential false or improper Medicaid claims by the Department of Health and Human Services' Office of Inspector General." The subpoena seeks "retail pharmacy claims data for dual eligible customers," information on "the company's retail pharmacy claims processing systems, copies of pharmacy payor contracts, and other documents and records, according to CVS."

Also in the News

Specialty-Tier Drugs Account For Much Of Medicare Recipients' Out-Of-Pocket Costs.

[Dow Jones Newswire](#) (3/2, Yoest, subscription required) reports that a GAO analysis found that specialty-tier prescription drugs account for much of the out-of-pocket costs for Medicare recipients who use them. In fact, "55 percent of Medicare enrollees taking at least one of a category of high-cost pharmaceuticals known as 'specialty tier' drugs reached what Medicare considers to be 'catastrophic' levels of out-of-pocket drug spending," according to [CQ HealthBeat](#) (3/2, Reichard, subscription required). "In contrast, only eight percent of all Part D beneficiaries who did not use a specialty-tier-eligible drug reached this threshold in 2007," the GAO reported. Rep. Pete Stark (D-CA), "Chairman of the House Ways and Means Committee's Health Subcommittee, released a statement saying that the best way to help these seniors is for Congress to fill the 'doughnut hole' in Medicare prescription drug coverage."

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