

NAHU Newswire

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Leading the News

Senate Finance Committee votes against public option in healthcare reform bill.

In what media accounts are casting as a serious setback for President Barack Obama and lawmakers who back the "public option," the Senate Finance Committee Tuesday voted against including the provision in the bill. Reports also remark on GOP unity against the provision, which they compare to the Democratic split apparent in Tuesday's committee votes. All three networks and major print outlets covered the development, with the [CBS Evening News](#) (9/29, story 4, 00:25, Smith) concluding that the "public insurance option seems all but dead in the Senate," and the [AP](#) (9/30, Espo) reporting that "liberal Democrats twice failed on Tuesday to inject a government-run insurance option into sweeping healthcare legislation taking shape in the Senate." Those "two votes marked a victory for Montana Democrat Max Baucus."

The [New York Times](#) (9/30, A18, Pear, Calmes) reports that "the votes...underscored divisions among Democrats," were "a setback for...Obama" and "vindicated the middle-of-the-road approach taken by the committee chairman," Baucus. The panel rejected a proposal by Sen. John Rockefeller (D-WV) 15-8, and a second public option proposal by Sen. Charles Schumer (D-NY) was defeated 13-10. "The votes vindicated the middle-of-the-road approach taken by the committee chairman, Senator Max Baucus."

The [Los Angeles Times](#) (9/30, Silva) similarly notes that the votes underscored "the depth of division among Democratic leaders pressing for healthcare legislation as well as the solid Republican opposition to an option that...Obama has promoted while conceding he is open to negotiation."

[McClatchy](#) (9/30, Lightman) calls Tuesday's votes "the first significant setback for the centerpiece of...Obama's healthcare overhaul." White House spokesman Reid Cherlin, however, "said that while Obama believes in making a public option available to the uninsured, the President is 'open to other constructive ideas of

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increasing choice and competition." [ABC World News](#) (9/29, story 3, 2:10, Gibson) called the development "a setback...for the President and liberal Democrats," and [NBC Nightly News](#) (9/29, story 3, 2:35, Williams) reported that the committee votes were "a significant test for a big piece of...Obama's healthcare reform plan." NBC's O'Donnell added, "While the public option is not officially dead, [Tuesday's] vote is telling. Now, it goes to the full Senate to weigh in and next will be more pressure on the President to say whether he will sign a healthcare bill that doesn't have a public option."

The [Washington Post](#) (9/30, Murray, Montgomery) notes that "aides" said that Majority Leader Harry Reid (D-NV) "has not made a decision on how to proceed. If he doesn't, backers of a government plan will seek to amend the bill when it advances to the Senate floor, or during final negotiations with the House, where Speaker Nancy Pelosi (D-CA) remains a staunch advocate." [USA Today](#) (9/30, Fritze), [The Hill](#) (9/30, Young), the [Wall Street Journal](#) (9/30, A1, Hitt, Adamy, subscription required), and the [Washington Times](#) (9/30, Haberkorn) also cover the story.

Democrats want Obama to be "final arbiter." [Politico](#) (9/30, Brown) reports that "squabbling Democrats are looking to the President to be the final arbiter of whether they include the public option." The President "will work closely" with Reid, who "speaks with White House chief of staff Rahm Emanuel several times a day. But the final decision rests almost entirely on the president's shoulders." A "senior Democratic Senate aide" tells Politico, "Expect the president and his staff to be key participants in the tough decisions we have to make, on such issues as the level of subsidies and the public plan versus the co-ops. ... The only way we are going to get this done is with active involvement of the president."

[Roll Call](#) (9/30, Koffler, subscription required), in fact, reports that "the White House has been secretly drafting its own healthcare legislation that it may unveil at some point during the debate if officials believe it would help secure passage of a bill, according to sources familiar with the effort."

In his "The Take" column, Dan Balz writes in the [Washington Post](#) (9/30) that for Obama, "the time of hanging back is quickly coming to an end if he hopes to find the 60 votes needed to pass a bill in the Senate. ... There will be more for the President to adjudicate once" Reid "begins trying to meld together the Finance Committee bill, expected to be completed by the end of this week, with a more liberal version approved by the Senate Health, Education, Labor and Pensions Committee."

From NAHU

NAHU has produced a new public service announcement about taking the time to get health care right. Click [here](#) to listen to the PSA.

Legislation and Policy

Drug benefit managers seek to stop reform bill transparency amendment.

The [Wall Street Journal](#) (9/29, Zhang, subscription required) "Washington Wire" blog reports that companies that manage the drug benefits for insurers are scrambling to defeat an amendment added to the Senate Finance Committee's health reform bill that would require more financial information disclosures, such as the amounts they charge insurers and the amounts they reimburse pharmacies. Mark Merritt, president and CEO of the Pharmaceutical Care Management Association, said, "There's no upside to this, but there's a lot of

downside...We are forced to play poker with drug companies with our cards facing up."

Cadillac tax would slow rising health costs, Leonhardt argues.

In his "Economic Scene" column on the front of the [New York Times](#) (9/30, B1) Business Day section, David Leonhardt writes on the "Cadillac tax -- a tax on very generous, expensive health insurance plans." The tax "has the potential to slow health costs significantly," Leonhardt argues, but business and union lobbyists oppose it, equating it with a middle-class tax hike. Leonhardt writes that a Cadillac tax would do three things. It would cause employees to "shy away from the most expensive plans," and it would cause the "most generous insurance plans [to] become less generous, but the change would probably do nothing to harm people's health." Finally, "expect that a Cadillac tax will, in the long run, increase workers' incomes."

Pearlstein: Reform should not force people to subsidize unhealthy behaviors.

In his column in the [Washington Post](#) (9/30), Steven Pearlstein argues, "One of the aims of health reform should be to make health insurance more like fire insurance, reducing as much as possible the moral hazards and the cross-subsidies while protecting all Americans from medical catastrophe." He notes that arguments against "limits to end-of-life care," or "demanding that Medicare pay more to doctors and hospitals in areas with high medical costs," are essentially forcing healthier people and people who are "willing to follow the best medical evidence" to subsidize those who are not. According to Pearlstein, in the US people "don't have is the right to expect that everyone else should pay for their choices through higher taxes and higher health insurance premiums."

Sen. Carper floating alternative to co-ops, federal public option.

[Politico's](#) (9/30) Carrie Budoff Brown reports in a blog entry that "Sen. Tom Carper (D-DE) is quietly talking with the Senate Democratic leadership and Finance Committee members about an alternative to both the government insurance option and the nonprofit insurance cooperative." In "a variation on Sen. Olympia Snowe's (D-ME) proposal to create a public option 'trigger'...Carper suggests giving states the option of creating a competitor to private insurers, which could include a government plan, a network of co-ops, or a large purchasing pool modeled after the revered Federal Employees Health Benefits Plan."

Sen. Harkin says he has votes to pass public option on Senate floor. [The Hill](#) (9/30, O'Brien) reports, "The Senate has the votes to pass a healthcare reform bill including a public option, a key Senate chairman said Tuesday." HELP Chairman Tom Harkin (D-IA) "said that the Senate 'comfortably' has a majority of votes to pass the public plan, and that he believes Democrats can muster 60 votes to break a filibuster."

Penalties, rewards under Baucus bill leave employers doubting reform will help them.

[Kaiser Health News](#) (9/30, Galewitz) reports that how employers "would be affected by the Baucus' bill varies greatly, depending on their size, whether they now provide coverage, the average wages of their workers and even the value of the benefits they are now offering." Small employers "would get help...through tax credits." But employers of more than 50 employees that are "not providing coverage would pay as much as \$400" penalty for each worker. Moreover, employers would "be required to pay corporate income taxes on the government subsidy for maintaining retiree prescription drug coverage." Because of "such concerns, most employers doubt that health

overhaul legislation will help them," according to a survey by Watson Wyatt, which also found that "about 73 percent of employers believe healthcare costs will increase if overhaul legislation is enacted."

Sen. Nelson to continue pressing for amendments favorable to seniors.

[McClatchy](#) (9/30, Clark) reports, "With the Senate Finance Committee poised to resume the healthcare debate Tuesday, Florida Sen. Bill Nelson (D) has stepped into the fray -- to the relief of some activists." Recently, "Nelson has proposed a series of amendments to the leading Senate healthcare reform proposal, prompting hours of debate." One of Nelson's amendments, "to force drugmakers to come up with more money for prescriptions for seniors, was defeated in a committee vote last week." This proposal, "which would have closed a gap in coverage commonly referred to as the 'doughnut hole' -- had the support of the AARP, which pledged to keep pushing for the amendment." Nelson, meanwhile, "has suggested he may push for both amendments to be debated on the Senate floor."

Public Health and Private Healthcare Systems

GAO audit finds officials failed to detect \$65 million in Medicaid fraud.

[USA Today](#) (9/30, Kiely) reports that "state and federal officials failed to detect millions of dollars in Medicaid prescription drug abuse," according to a newly released GAO report. The audit of Medicaid programs "in five large states found about 65,000 instances of beneficiaries improperly obtaining potentially addictive drugs at a cost of about \$65 million during 2006 and 2007 -- including thousands of prescriptions written for dead patients or by people posing as doctors." Sen. Tom Carper (D-DE) has "scheduled a hearing Wednesday on the findings." The GAO audit focused on "10 types of frequently abused prescription drugs -- painkillers and mood-altering medications." Notably, the audited states -- "California, Illinois, New York, North Carolina and Texas -- accounted for 40 percent of Medicaid's prescription drug payments in fiscal years 2006 and 2007."

Gov. Crist seen as trying to distance himself from KidCare's success.

The [News Service of Florida](#) (9/30, Royse) reports that Florida Gov. Charlie Crist (R) is trying to distance himself from the success of the state's KidCare program, which subsidizes healthcare for children, as he runs for the US Senate on a platform opposing government involvement in healthcare. In response to a question from CNN anchor John Roberts as to why Crist does not support broader public healthcare, Crist said KidCare is a "program that I inherited. It's a program that was already here." However, Crist spokesman Sterling Ivey said the Governor supports the program and in fact "recently signed legislation that streamlines the program." That legislation is said to have "removed some barriers to enrollment in KidCare."

Hawaii's drug importation law falls through.

The [AP](#) (9/30) reports, "Hawaii's attempt to save seniors money by shipping cheap prescription drugs from Canada never got off the ground, a casualty of politics and unprofitability. Republican Gov. Linda Lingle's administration refused to implement the law, which was passed last year when the state's majority Democratic Legislature overrode her veto." And, the "Canadian drug supplier later dropped out of the importing program." Notably, "Hawaii was the sixth state to enroll in the program called I-SaveRx." AARP data for 2007 show that "Hawaii had the highest share in the nation -- 36 percent -- of Medicare prescription drug enrollees who fall into a

coverage gap forcing them to pay all their drug costs as well as premiums."

Uninsured

Hospital procedure transparency would give the uninsured a way to negotiate costs.

In his column in the [Dallas Morning News](#) (9/30), Jim Landers points out that although hospitals have "list prices" for procedures, "hardly anyone pays these," except the uninsured. "For most patients, actual prices are set in negotiations with private health insurers." Medicare "ignores these list prices and reimburses hospitals on what's supposed to be a cost-plus payment formula." But hospitals "say their Medicare reimbursements fall short." In Maryland, however, "an independent commission sets hospital reimbursement levels"; and the "state makes these numbers available to the public, so consumers can compare prices." Still, if you are insured, "a contrarian formula for reimbursements won't change things for you unless your insurer is willing to try it."

Also in the News

Federal employees' healthcare costs to jump 8.8 percent in 2010.

The [Washington Post](#) (9/30, Vogel) reports that, according to figures released by the Office of Personnel Management, "federal government employees can expect a big jump in their healthcare costs in 2010." The OPM announced that "employees enrolled in the Federal Employees Health Benefits Program will pay an average 8.8 percent more in healthcare costs." That amounts to an average of "\$5.98 per paycheck for individual healthcare coverage, and a \$12.87 increase for employees whose plans cover families." OPM associate director for strategic human resources policy Nancy Kichak said, "An 8.8 percent increase is not an increase that we feel comfortable with." She blamed it on "the market."

Groups have spent \$110 million on health reform ads in 2009.

The [AP](#) (9/30) reports, "Medical providers, businesses, and other groups battling over a healthcare overhaul have spent more than \$100 million this year on television advertising -- an enormous sum that highlights the stakes involved." One analyst "says spending on TV ads on the issue hit \$110 million as of Sunday. It's averaged \$1.1 million daily in the past week as Congress has stepped up its work on overhaul legislation." Data show that AARP and the US Chamber of Commerce are among groups which have spent the most on health reform ads.

[CongressDaily](#) (9/30, subscription required) also reports that AARP and the US Chamber of Commerce are "among the biggest spenders," and adds that "about \$47 million has been spent for TV ads favoring a healthcare overhaul, and \$32 million has gone for ads opposing the effort."

Treating newly insured seen as inconceivable with decreasing interest in primary care.

The [Baltimore Sun](#) (9/30, Rosen) reports that National Resident Matching Program figures "show about a third of graduating students are going into primary care, a number that's been dropping fairly steadily over the last generation." Today's medical students "face a debt approaching \$150,000 when they leave medical school"; and although most "realize some sort of reform must happen, they can't imagine how any of it will actually work. 'They

want to add 45-million uninsured to the rolls, but how do you treat 45-million more," asks University of Maryland student Ryan Circh, if primary care physicians are not increasing? Circh says he "would love to serve" in family medicine, but that can mean a "difference of \$200,000 in your paycheck."

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