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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 7, 2010

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## Leading the News

### Pelosi says lawmakers "close" to combining health reform bills.

The [AP](#) (1/7) reports that House Speaker Nancy Pelosi (D-CA) said Wednesday after a meeting with President Obama and several House committee chairmen that "lawmakers are 'very close' to resolving differences between the House and Senate healthcare bills."

Pelosi said, "The truth is that there's so much agreement in the bill but sometimes we approach the issues differently. ... So we have to figure out what the best approach is to the issues," the [Washington Times](#) (1/7, Rowland) reports. Still, "officials did not give a timeline for final passage."

"The Speaker deflected questions about the timing of a vote," [The Hill](#) (1/7, Youngman, subscription required) reports, "only saying it was 'possible' the vote could take place by the end of the month."

According to [Roll Call](#) (1/7, Koffler, subscription required), Wednesday's meeting included President Obama, Speaker Pelosi, and "Energy and Commerce Chairman Henry Waxman (D-CA), Ways and Means Chairman Charlie Rangel (D-NY), Education and Labor Chairman George Miller (D-CA) and Rules Chairwoman Louise Slaughter (D-NY)."

Following Wednesday's meeting, "most of the House Democratic Caucus is expected to discuss the bill by phone on Thursday," [CQ Today](#) (1/7, Wayne, subscription required) reports.

## 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.**

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## Legislation and Policy

## Obama signals preference for Senate "Cadillac plan" tax.

The [AP](#) (1/7, Werner) reports that President Obama "signaled to House Democratic leaders Wednesday that they'll have to drop their opposition to taxing high-end health insurance plans." At the White House, Obama "expressed his preference for the insurance tax contained in the Senate's health overhaul bill, but largely opposed by House Democrats and organized labor." The Senate "wants to tax insurance companies on plans valued at over \$8,500 for individuals and \$23,000 for couples, raising \$150 billion." According to the AP, "Most analysts say the insurance tax would be passed on to consumers, and organized labor is strongly opposed, as are House Democrats, some of whom contend that the tax would violate Obama's campaign pledge not to tax the middle class."

The [New York Times](#) (1/7, A21, Herszenhorn), the [Los Angeles Times](#) (1/7, Nicholas), and [Bloomberg News](#) (1/7, Litvan, Jensen) also cover the story.

**"Cadillac plan" tax skeptics remain.** The [Washington Post](#) (1/7, MacGillis) reports on skeptics of "a new tax on high-cost health insurance plans" included in the Senate healthcare reform legislation. The provision would levy "a 40 percent excise tax on insurance plans worth more than \$23,000 per year for a family of four." According to the Post, "pockets of skepticism remain" concerning the measure, "even beyond labor unions, which are often cast as the main opposition because many union plans would be taxed." In an article in the journal *Health Affairs*, for instance, analysts recently "questioned the assumption that the tax would target only the most lavish insurance packages, nicknamed 'Cadillac plans.'" Other "healthcare experts question whether shifting people into lower-cost plans is the best way to slow spending."

## Obama pushes effort to increase aid to lower-income Americans in merged reform bill.

The [Wall Street Journal](#) (1/7, A4, Adamy, Meckler, subscription required) reports that President Obama on Wednesday signaled support for efforts to make health insurance more affordable for lower-income Americans. The provision, currently in the House reform bill, would increase subsidies for lower-income people and would cap out-of-pocket medical costs at a lower dollar amount than would the Senate bill. The Journal notes that while the measure has the President's support, it would raise the cost of the legislation more than may be acceptable.

## States worried about health reform's financial burdens.

[Time](#) (1/7, Pickert, Tumulty) reports that a "rebellion is taking shape in the states" concerning national healthcare reform. The states "are alarmed about the new financial burdens they will face in a revamped system." Time runs down the four biggest concerns states have, which include a larger Medicaid tab, "new regulatory burdens," state-run health insurance exchanges, and a possible "fight for federal aid." The fears are causing "governors of both parties" to argue "that reform will drive their budgets into even deeper holes, with some feeling the effects far more than others."

## Reform bills said to penalize married couples.

The [Wall Street Journal](#) (1/7, Vaughan, subscription required) reports that both the House and Senate bills include provisions that would force some married couples to pay an additional \$2000 or more for their health insurance benefits, as compared to non-married couples. According to the Journal, married couples who receive their benefits from their employers would not be affected by the marriage penalty, but those who purchase insurance from the new exchanges would pay more.

## Stupak prepared to block healthcare bill over abortion amendment.

On its front page, the [New York Times](#) (1/7, A1, Kantor) profiles Rep. Bart Stupak (D-MI), who is currently "enduring more hatred than perhaps any other member of Congress" following his addition of an amendment that "prevents women who receive federal insurance subsidies from buying abortion coverage" to the House health reform bill. Stupak, who "insists that the final bill include his terms," says it "merely reflects current law." If he succeeds, Stupak will have "won an audacious, counterintuitive victory, forcing a Democratic-controlled Congress to pass a measure that will be hailed as an anti-abortion triumph." If Democratic legislators "do not accept his terms -- and many vow they will not -- Mr. Stupak is prepared to block passage of the healthcare overhaul."

## AARP tells lawmakers closing doughnut hole crucial to continued support of health bill.

[CQ HealthBeat](#) (1/7, Reichard, subscription required) reports, "AARP said in a [letter](#) to Congress Wednesday that it won't support any healthcare overhaul package negotiated by House and Senate Democrats that fails to completely close by 2019 the gap in Medicare prescription drug coverage known as the 'doughnut hole.'" AARP "also said that it opposes the Senate's provision for an Independent

Payment Advisory Board, because it relies too heavily on Medicare to cut health costs; 'we must consider public and private sector costs simultaneously,' the letter said."

## **Health reform legislation would restrict hospital readmissions for seniors, columnist warns.**

In a column in [US News and World Report](#) (1/7), Bernadine Healy, MD, cautions that while health reform "does many good things," it may change Medicare in ways that American seniors will disapprove of. For example, reform legislation would "cut reimbursement to hospitals if doctors readmit their sick elderly more often than Medicare thinks they should-even if the care is lifesaving." Healy asks, "But what happens to elders like 91-year-old Sen. Robert Byrd, whose numerous hospital readmissions during the past two years sufficiently rescued him to make a crucial midnight December vote to pass health reform?"

## **Medicare Part D said to offer lessons to health reformers.**

In his "Capital" column in the [Wall Street Journal](#) (1/7, A2, subscription required), David Wessel writes about the lessons learned since Medicare Part D was enacted four years ago. According to Nobel laureate and University of California at Berkley professor Daniel McFadden, "Medicare Part D...has achieved its primary political goal of providing near-universal coverage in a viable private market." Wessel also notes that the government's management of the Medicare Part D drug plans -- none of which are run by the government -- is applicable to possible insurance exchanges in healthcare reform. However, Wessel adds that the enactment of Medicare Part D has led to an increase in drugmaker ads targeted to the elderly.

## **Illinois law expands external review of denied claims.**

The [Chicago Tribune](#) (1/6, Japsen) reported that Illinois Gov. Pat Quinn signed legislation allowing residents who have had medical claims denied by their individual or employer-based insurance plans "the right to get their denied...claims reviewed by an independent health expert." The law will add three million Illinois residents to the protection provided by a 1999 law pertaining only to Illinois' one million residents covered by HMOs that "limit enrollees to choices of doctors and hospitals within networks." The external review will be performed "by a physician who is independent of the insurance company and at the plan's expense."

## **Public Health and Private Healthcare Systems**

## **GAO appoints 17 to Medicaid, CHIP commission.**

The [Denver Post](#) (1/7, Brown) reports that the Government Accountability Office recently appointed 17 people to the "Medicaid and CHIP Payment and Access Commission, which will review access and payment policies within the government health programs." The committee is modeled after MedPAC, and "likely will advise lawmakers on healthcare reform because current legislation calls for substantial expansion of the Medicaid program," according to Denver Health Medical Center chief executive Patricia Gabow, one of the appointees.

## **TennCare Bureau proposes "devastating" cuts to hospital, rehab services.**

The [Chattanooga Times Free Press](#) (1/7, Bregel) reports the TennCare Bureau is "eyeing what providers call 'devastating' cuts to benefits that include rehab services and inpatient hospital care, all in an effort to meet state-mandated budget reductions." Kelly Gunderson, spokeswoman for TennCare, described the cuts as "painful decisions," adding "in normal circumstances, these are (benefits) we would not be touching." The Bureau "is seeking approval from the US Centers for Medicare and Medicaid Services for the cuts, which would save the state \$117 million in the fiscal year that begins July 1."

## **Maryland insurance regulator to issue report on CareFirst's financial reserves.**

[American Medical News](#) (1/6, Berry) reported that Maryland Insurance Commissioner Ralph Tyler said that before he leaves "for a post at the Food and Drug Administration," he intends "to issue a report gauging the financial reserves of his state's largest health insurer," CareFirst BlueCross BlueShield. The insurer "has long argued that it needs substantial reserves set aside in case of a health-related or financial emergency." According to a report "commissioned by Tyler's office and released Oct. 30, 2009...CareFirst's reserves are not excessive." Tyler's final findings are expected "the first week in January."

## **Kansas budget cuts hit state Medicaid payments.**

The [Topeka Capital-Journal](#) (1/7, Hollingsworth) reports, "Medicaid recipients across the state this week are getting their first peek at what a 10 percent cut in services feels like." As "big cuts hit Medicaid-funded programs -- including agencies serving adults with developmental disabilities, physicians serving Kansans in poverty, and nursing homes caring for the frail and elderly -- Kansas lawmakers on Monday will

converge on the Capitol for the 2010 legislative session." Although the 10 percent cut "is aimed at saving the state about \$22 million through the end of the fiscal year," the "Legislature faces a budget shortfall of between \$300 and \$400 million." The loss to Medicaid providers "will amount to about \$66 million because the program relies heavily on federal matching funds, said Peter Hancock a spokesman for the Kansas Health Policy Authority."

## California county residents feeling impact of cuts to safety-net health plan.

The [Modesto Bee](#) (1/7, Carlson) reports that in September, Stanislaus County officials approved cuts to the indigent health program for "people who cannot afford private insurance and do not qualify for Medi-Cal or Medicare." Under "tighter eligibility rules," they accepted adults with "monthly income of less than \$1,806 or \$2,428 for a two- person household." The changes affect "as many as 2,650 people," and patients who were "paying \$5 for physician visits and \$3 for prescriptions" must now pay "\$300 to \$575 a month" for care. Notably, legislative advocates "warn that counties making severe cuts may be out of compliance with a state mandate to provide the services."

## Beshear pushes for Medicaid coverage of smoking cessation costs.

The [Louisville Courier-Journal](#) (1/7, Loftus) reports Kentucky Gov. Steve Beshear (D) "called Wednesday night for expanding the Medicaid program to cover smoking cessation programs." According to Beshear, "The long-term payoffs in reduced healthcare costs, fewer chronic problems for children, increased worker productivity and a better image for the state will be substantial." The governor also "endorsed dropping a \$20 monthly premium that some low-income families must pay to get health insurance for children from the Kentucky Children's Health Insurance Program, or KCHIP."

## Pennsylvania Blue Cross rate hikes seen as showing need for healthcare overhaul.

The [Philadelphia Inquirer](#) (1/7, Gelles) reports, "About 27,000 people who buy Personal Choice health insurance directly from Independence Blue Cross rather than through an employer are facing steep increases in their premiums in March...for some, greater than 60 percent." The Pennsylvania Insurance Department "says there is little it can do" now. When the department resisted a Blue Cross "proposal last spring to raise rates," the insurer offered to "discontinue the trio of Personal Choice plans in question" and give current policyholders "two new choices," which many found "unattractive." State Insurance Commissioner Joel Ario "said today that the dilemma...showed the importance of revamping" health insurance regulations. Ario also "said commercial insurers' ability to refuse to cover less-healthy customers -- which would be banned under" the federal health reform bills -- "deserves much of the blame for the changes BlueCross is imposing."

## Insurer suspended from writing policies in Ohio under new rate cap.

The [Business First of Columbus](#) (1/7) reports, "The Ohio Department of Insurance has suspended a Texas-based insurer from writing policies in Ohio for violating a new state law that reduces premiums in the individual health insurance market for those with pre-existing conditions." The insurance department barred Chesapeake Life Insurance Co. from soliciting business or selling "new or renewal policies, whether health or life," but the insurer "must continue honoring existing policies for Ohio residents." According to spokeswoman Carly Glick, "Chesapeake was the only one of more than two dozen companies selling individual policies in the state that did not meet a Jan. 1 deadline to submit to the department forms describing the plans offered and their premiums."

### Also in the News

## Funding of healthcare interest groups said to be difficult to ascertain.

The [Washington Post](#) (1/7, Eggen) reports that many of the interest groups that are "seeking to shape final healthcare legislation in coming weeks operate with opaque financing, often receiving hidden support from insurers, drugmakers or unions." Such groups "have spent months staging noisy protests, organizing letter-writing campaigns, and contributing to a record \$200 million advertising blitz on healthcare reform." According to the Post, "in many cases it is hard to tell where their money is coming from." One of them, the Institute for Liberty, was a one-man operation with less than \$25,000 in revenue as recently as 2008, but now has "a downtown Washington office and an ongoing \$1 million advocacy campaign" devoted to blocking Democratic healthcare reforms. Many similar newcomers "are organized as nonprofits, meaning they do not have to reveal many financial details beyond basic revenue and expenses."

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