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Customized Briefing for Kimberly Barry-Curley

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Leading the News

Insurers claim Baucus plan would cost average family extra \$4,000 per year.

An estimate from the insurance industry criticizing the healthcare reform plan authored by Sen. Max Baucus (D-MT) led two network newscasts last night, and is generating extensive print coverage. The [CBS Evening News](#) (10/12, lead story, 2:20, Couric) reported, "The insurance industry, which had been an ally in the battle for reform, is suddenly blasting the Senate plan" with "an estimate that says by 2019," the measure "would have the average family paying \$4,000 a year more in premiums than they would without reform." CBS (Reid) asked, "Why would the insurance industry suddenly go on the attack? They say because the Senate bill doesn't do enough to mandate insurance coverage," but Nancy-Ann DeParle, Director of the White House Office of Health Reform, said Monday, "I think, though, that maybe they've gotten worried as we get close to really getting reform done -- they've gotten more worried about their profits."

[ABC World News](#) (10/12, lead story, 2:40, Tapper) called the insurers' report, put forth by the group America's Health Insurance Plans (AHIP), "controversial and highly disputed," and noted that "the White House called the study 'self-serving' and a spokesman for Senate Democrats called it a 'hatchet job.'" ABC added that "healthcare experts with whom ABC News spoke overwhelmingly rejected the methodology of the insurance industry study."

[Bloomberg News](#) (10/13, Jensen, Litvan) notes that "according to the report, the rising costs of insurance will cause people to wait until they are sick to get coverage." Also, "new taxes on health insurance plans, medical device makers, and pharmaceutical manufacturers will add to costs; reduction in Medicare spending will shift more costs to families; and taxes on high-value plans will raise the cost of employer-provided coverage."

The [New York Times](#) (10/13, A16, Pear), [The Hill](#) (10/13, Young), [Roll Call](#) (10/13, Drucker), the [AP](#) (10/13, Alonso-Zaldivar), [Politico](#) (10/13, Brown), [AFP](#) (10/13, Collinson), [Wall Street Journal](#) (10/13, Hitt, Adamy, subscription required), and [Reuters](#) (10/13, Holland, Alexander) also cover the story.

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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.

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

Schwarzenegger vetoes health insurance rescission bill.

The [Los Angeles Times](#) (10/13, McGreevy, Bailey) reports, "After threatening a mass veto," Gov. Arnold Schwarzenegger (R) "reversed course...and signed a surprising slate of legislation" before Sunday's midnight deadline. Notable among the "casualties" was AB 2 by Assembly Member Hector De La Torre (D), "which would have halted the insurance industry practice of canceling patients' coverage after they run up large medical bills." Dev GnanaDev, president of the California Medical Association "said Schwarzenegger's veto" of the insurance rescission bill "told Californians that 'insurance company profits are more important than their access to healthcare.'" Insurance firms and business leaders countered that the bill proposed unnecessary regulation and would have hurt the state's economic recovery.

The [Los Angeles Times](#) (10/13, Halper) "L.A. Now" blog notes, Gov. Schwarzenegger vetoed the bill despite that fact that "Congressional investigators uncovered cases in which insurance officials were rewarded by their companies for finding excuses -- such as a form being filled out incompletely during enrollment -- to take policies away from some of the sickest patients." Schwarzenegger "criticized provisions of the bill that he said benefited 'trial lawyers rather than consumers.'"

The [Sacramento Business Journal](#) (10/13, Roberston) points out that Gov. Schwarzenegger did sign one rescission-themed bill -- AB 108, which "prohibits a health plan from rescinding or canceling a contract after 24 months." In his veto "message about AB 2, the governor pointed to 'strong consumer protections' adopted by state regulators over the past two years, but objected to a provision that requires insurers to prove an applicant intentionally misrepresented or omitted information on the insurance application."

Other healthcare bills vetoed, signed. The [Sacramento Bee](#) (10/13, 4A, Sanders) reports that two health-related bills "killed by the governor" were AB 98, "intended to force health plans to cover maternity services," and AB 911, which "would have required hospitals to create and enact a response plan to reduce emergency-room overcrowding." The governor also signed a bill "banning gender-based health insurance."

LATimes decries "destructive" rescission bill veto. The [Los Angeles Times](#) (10/13) editorializes, "With the clock ticking down" on Gov. Schwarzenegger's "second term, he was free to make politically risky decisions." Still, some of his decisions "won't help his credibility." And his veto of AB 2 was "particularly destructive." Even the "most fervent opponents of national healthcare reform have a tough time defending rescission, in which insurers drop policyholders who need expensive treatments by claiming they omitted some detail of their medical history on application forms." Meanwhile, "we're still holding out hope for a federal healthcare bill that obviates this despicable practice, but California's attempt to blaze a trail in the right direction is over for now."

Finance Committee expected to approve health reform bill Tuesday.

[McClatchy](#) (10/13, Lightman) reports that Sen. Max Baucus' (D-MT) healthcare reform plan "is expected to clear its last committee hurdle Tuesday -- but almost certainly without the strong bipartisan endorsement he and some moderate Republicans have sought." Following approval by the Senate Finance Committee, "Senate leaders and the White House will merge the proposal with another one written by the Senate Health Committee over the summer, creating one bill likely to be considered by lawmakers later this month."

[The Hill](#) (10/13, Young) reports that "Baucus needs 12 votes, but two Democrats, Jay Rockefeller of West Virginia and Ron Wyden of Oregon, in particular remain disgruntled about his bill. The lone possible Republican supporter, Sen. Olympia Snowe (ME), refuses to state her intentions." The Hill adds that "if more than one of those three senators joins the panel's Republicans and votes against the bill, healthcare reform would suffer a tough blow on Tuesday and might not recover," but "it's likely Baucus will have the votes." [USA Today](#) (10/13, Kiely, Fritze) and the [Washington Times](#) (10/13, Haberkorn) also cover the story.

Cost compromises leave Finance Committee health bill short of universal coverage. The [Los Angeles Times](#) (10/13, Levey) reports that as the Senate Finance Committee prepares to vote on its health reform bill on Tuesday, "senior Democrats are acknowledging that it may be impossible to provide coverage to all Americans." This admission "is fueling growing alarm among hospitals and insurance companies, which have made universal coverage a condition of their support." Still, "leading Democrats are standing behind the committee's series of compromises that are designed to control the cost of government subsidies for consumers forced to buy insurance." This has caused the insurance industry to recently increase "its warnings that leaving a large segment of the population without coverage would accelerate a rise in premiums for everyone else."

"Cadillac" coverage tax seen as major disagreement between House, Senate Democrats.

In a front-page story, the [New York Times](#) (10/13, A1, Herszenhorn, Pear) reports, "A proposed tax on high-cost, or 'Cadillac,' health insurance plans has touched off a fierce clash between the Senate and the House as they wrestle over how to pay for legislation that would provide health benefits to millions of uninsured Americans." Its supporters include many senators, according to the Times, who argue "that the tax is essential to tamping down medical spending." Opponents, "including House members and labor unions, say the tax would quickly spiral out of control and hit middle-class workers." The provision, included in the Senate Finance Committee health bill under vote on Tuesday, is seen as "a prime example of the major differences still to be bridged by Democrats as healthcare legislation advances to floor debate in both houses."

USA Today sees healthcare reform as cheaper, less painful than inaction.

[USA Today](#) (10/13) editorializes, "Much as constituents and other stakeholders don't want to hear it, the reality is that genuine" healthcare "reform won't be free or painless. It will just be cheaper and less painful than doing nothing." USA Today places "blame for this lack of candor...largely on Republicans, who have opted out en masse, preferring instead to deal President Obama a political setback" by "making those who favor reform fearful of telling the public the hard truth." USA Today concludes, "The real shame, however, will be if this opportunity" to reform healthcare "is squandered, because of political opportunism by opponents and political cowardice by advocates."

Policy expert calls for scrapping "flawed government-centered approach" to healthcare reform. Michael D. Danner, a senior fellow at the Cato Institute, writes in [USA Today](#) (10/13), "It is not that the US doesn't need healthcare reform, but it needs the right type of reform." Danner asserts that "the problems facing our healthcare system stem not from too little government control, but too much." Moreover, "government programs, such as Medicare and Medicaid, are trillions of dollars in debt and are models of waste, fraud, and inefficiency." Arguing that "the bills now before Congress don't fix these problems," but instead "simply pile on new mandates, regulations, taxes, and subsidies," Danner concludes, "It's time for Congress to scrap its current flawed government-centered approach and start over with a focus on creating a consumer-oriented free market in healthcare."

"Invincibles" could be forced to get health insurance under reform.

The [Miami Herald](#) (10/11, Burnett) reported on "invincibles," usually younger adults "who choose to be uninsured because they're convinced that their relative youth and/or healthy lifestyles make an insurance-free life worth the gamble." This "gamble has become a crucial point in the debate over healthcare reform and how to pay for it, as the proposals in Congress would mandate that everyone buy insurance or face steep penalties." The Senate Finance Committee reform bill includes an individual mandate, as do House versions of the reform legislation. One expert "says he understands why some young people may see the system as unfair," but argues that "younger individuals perceive that they will not get sick. But insurance is not for the sure event, but for the risk of the serious medical event that one hopes that one never has."

Public Health and Private Healthcare Systems

Colorado insurer agrees to remove clause deeming infant obesity a pre-existing condition.

[NBC Nightly News](#) (10/12, story 3, 2:10, Curry) reported, "Well, as insurance companies criticize the latest healthcare reform plan," Rocky Mountain Health Plans has "come under scrutiny for its decision to deny coverage to a four-month-old baby in Colorado." (NBC) Cowan explained: Rocky Mountain called infant "Alex obese, a pre-existing condition...and given their underwriting guidelines, he was uninsurable." Bernie Lange, Alex' father was shown saying, "Am I supposed to put my child on a diet, put him on a treadmill? ... He's an infant." Cowan added: "Late today," Rocky Mountain "announced a companywide policy change that will now provide coverage for healthy infants regardless of their weight."

According to the [AP](#) (10/13), Rocky Mountain "says it's an industry standard to reject new patients...above the 95th percentile for weight. But it says it has never before rejected a fat baby." The insurer "attributed the boy's rejection for health coverage to a 'flaw in our underwriting system.'"

Americans turning to financial advisors in navigating Medicare.

The [Wall Street Journal](#) (10/13, Knight, subscription required) reports that more affluent Americans are seeking the help of financial advisors in dealing with Medicare. In response, wealth-management firms are developing internal expertise or directing clients to outside specialists.

Proposed Medicaid mandate seen as detrimental to already distressed Medi-Cal plan.

The [San Jose Mercury News](#) (10/13, Zapler) reports, "An expansion of Medicaid contemplated by healthcare reformers in Congress may be good news for the uninsured, but it could be a bitter pill for cash-strapped California." Democratic leaders want "to use Medicaid as one of the main vehicles for extending health insurance," but California officials "fear that this change would saddle California with a costly mandate at a time when the state can't afford" its existing Medi-Cal program. The program is "already running on fumes after it was slashed by Gov. Arnold Schwarzenegger (R) and state lawmakers this year to help close the state's massive budget deficit." Although Schwarzenegger last week "signaled support" for federal "healthcare reform," he and "his aides are warning Washington not to stick the state with a costly new tab."

Tennessee SCHIP program suspends applications.

[WBIR-TV](#) Knoxville (10/13, Overton) reports Tennessee's CoverKids program, which is funded through the State Children's Health Insurance Program, "will stop accepting new applicants after November 30." CoverKids director Bob Duncan said the program has "come to a point where our budget fully supports current membership, which requires us to suspend the application process."

Senior Market News

Advocates say Illinois budget cuts will send more seniors to nursing homes.

The [Chicago Tribune](#) (10/13, Rubin) reports, "Under pressure to slash costs, the Illinois Department on Aging needs to reduce \$18 million from a program that allows seniors to stay in their communities, either through adult day programs, or with hired homemakers who help with meal preparation, laundry and other chores." But, according to consumer advocates, "The scaling back of support...will send senior citizens to nursing homes, ultimately costing taxpayers more money." David Vinkler, associate state director for AARP, said, "Thousands of elderly depend on the state to provide these services so they can remain in their own homes. ... We're looking too narrowly at how we do long-term care in Illinois." Notably, "the Community Care Program assists 57,000 seniors statewide."

Uninsured

California hospitals contribute funds to planned primary care clinic for uninsured.

The [Desert Sun](#) (10/12, Peña, Felci) reported Volunteers in Medicine "plans to create a clinic for the estimated 25,000 people in" California's Coachella Valley who are employed but who cannot afford health insurance and are not eligible for government programs. Three area hospitals, John F. Kennedy Memorial, Desert Regional Medical Center, and Eisenhower Medical Center, have contributed funding, along with Riverside County. Karolee Sowle, chief executive officer of Desert Regional, said there is a "shortage of these primary clinics for these people who are uninsured, indigent or don't have the means to get primary care."

Also in the News

More employers said to be auditing for ineligible dependents on health plans.

The [Washington Post](#) (10/13, Zeidner) reports that a "growing number" of employers are "cracking down on workers who enroll ex-spouses, over-age children, grandchildren and others not entitled to coverage under their health plan." Asking married policyholders to "show their marriage license is a routine part of the audit, although some employers also ask to see a joint tax return or utility bill to be sure that a couple hasn't divorced. Birth certificates are also demanded to ensure a child hasn't aged out of the plan, although additional proof, such as a tuition receipt, may be required when age limits are extended for full-time students." Many state and local government "agencies also are auditing dependents, although the federal government is not."

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