

Customized Briefing for Brett Houston

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## Leading the News

### CMS ends "gag order" on reform's impact on Medicare Advantage.

[The Hill](#) (10/19, Romm) reports that Republicans are celebrating the end of a CMS policy "banning Medicare providers from disseminating information to subscribers about possible cuts" to Medicare Advantage plans from healthcare reform as "a party victory" and a "total policy shift." However, the Obama Administration "insisted that its original order, issued at the end of September, was merely a legal guidance for Medicare insurers -- not a 'gag order' on plan changes, as Republicans first charged." CMS issued the order "after Humana, a leading Medicare Advantage provider, mailed its beneficiaries to inform them how the Senate Finance Committee healthcare proposal could affect their plans."

Also noting Republicans' assertion that the order is "a reversal of a 'gag order' on plan communications with beneficiaries about Medicare cuts in health overhaul legislation," [CQ HealthBeat](#) (10/16, Reichard, Norman, subscription required) reports that CMS spokesman Peter Ashkenaz countered, "No. We're not backing away from anything. We're issuing clear guidance on what plans can and can't do" with federal funding. CMS' new guidance materials "specify that for plans to send information on Medicare cuts, beneficiaries receiving the materials must first have given consent to obtain such information. CMS Friday also released a letter to Humana notifying the insurer of its 'non-compliance' with CMS regulations in connection with its mailing to 900,000 Medicare beneficiaries between Sept. 8 and Sept. 11 that started the whole 'gag order' flap."

The [New York Times](#) (10/17, A10, Pear) also reported the Obama Administration "backed away" from the order, which "had prohibited insurance companies from warning Medicare recipients about the possible loss of benefits under pending legislation to overhaul the healthcare system. Medicare officials set off a political storm when they tried to stop such communications last month."

[Politico](#) (10/16) reported that HHS said its Friday memo simply provides "guidance to the companies in order to ensure that lobbying rules aren't broken in the future," and a CMS spokesman "pushed back against the 'gag order' description."

In an editorial, the [Wall Street Journal](#) (10/19, subscription required) criticizes what it terms a gag order against insurers who criticized the President's healthcare plans. Focusing on a mailer sent by Humana in September, the Journal paints the Administration as seeking to intimidate insurers who oppose its reform plan, and cites recent talk of stripping the industry's antitrust exception as an example.

**Blue Cross CEO: "Our intent is to help educate people."** Blue Cross Blue Shield Association CEO Scott Serota said on [Fox News' Your World](#) (10/16, Cavuto), "We came out with our study on Wednesday, after the vote. And our intent is to help educate people about the real impact of adding people to the system and putting the system out of balance. We support and have supported for a long time guaranteed issue, getting everybody covered, not differentiating based upon preexisting conditions or gender. But we're concerned that, if we do that without a way in which to bring everybody into the risk pool, the risk pool will get out of balance. And those that are in the risk pool will pay an extraordinarily high price for their coverage. And we want to educate people to be sure that we can avoid that."

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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.

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

### Insurers' support for healthcare reform bill said to be eroding.

[USA Today](#) (10/19, Fritze) reports that despite having "vowed to be allies" with President Obama on healthcare reform, the health insurance industry is expressing doubt about "key provisions" in the Senate Finance Committee's reform bill. The piece notes that these "squabbles between the White House and the industry" are indicative of Obama's challenges in passing healthcare reform, and reports that the impasse stems from doubts in the industry that the bill goes far enough in requiring all Americans to buy insurance.

**Health reform bills seen as protecting insurers.** The [Los Angeles Times](#) (10/19, Giron) reports that "major healthcare bills pending in Congress would give patients little new power to challenge" insurers' coverage decisions. And this "could be more important than ever" because Congress, in promoting cost-containment and price competition," adds to the "pressure on insurers." Requiring insurers "to cover everyone" will make it "more difficult" for them to control costs "by avoiding sick people." That will leave insurers "turning down requests to cover treatments" to contain costs, and the bills under consideration do not protect patients against treatment refusals. "Patient advocates point to" the wrongful-death suit against CIGNA, which "was thrown out" by a federal judge," because ERISA "bars suits for damages over health benefit decisions," although pending "legislation does not remove the barrier to such suits by people in the employment-based insurance market."

### Obama says insurers using "smoke and mirrors" against healthcare reform.

[CNN's Newsroom](#) (10/17, Bolduan) reported the President is "trying to continue building momentum for healthcare reform. That is his number one domestic priority. This comes as the healthcare debate moves forward a bit, moving out of congressional committee towards its next stage, a wider and very likely fiery floor debate. ... The White House wants healthcare reform passed by the end of this year, and in his [weekly radio and Internet address](#), the President is touting progress, highlighting progress of late, as a key Senate committee just approved this past week its plan for healthcare reform, but the President does acknowledge there's still a long road ahead."

The [AP](#) (10/18, Superville) reported that President Obama, "pushing back against his critics," says "overhauling the healthcare system, while helping millions of people, also will test whether policy makers can 'serve the national interest despite the unrelenting efforts of the special interests.'" [Bloomberg News](#) (10/17, Johnston) reported that the President "criticized a report released by the trade group America's Health Insurance Plans earlier this week that warned a Senate proposal would more than double insurance premium costs." He said, "Like clockwork, we've seen folks on cable television who know better, waving these industry-funded studies in the air. It's smoke and mirrors. It's bogus." [The Hill](#) (10/17, Blake) reported Obama "took square aim at health insurance companies who he says are holding up reform."

The [New York Times](#) (10/18, A24, Baker) reported that Obama "mounted a frontal assault on the insurance industry on Saturday, accusing it of using 'deceptive and dishonest ads' to derail his healthcare legislation and threatening to strip the industry of its longstanding exemption from federal antitrust laws." Obama, "in unusually harsh terms," cast insurance companies "as obstacles to change interested only in preserving their own 'profits and bonuses' and willing to 'bend the truth or break it' to stop his drive to remake the nation's healthcare system."

### GOP readies political strategy to "delay, define, and derail" health reform.

[Roll Call](#) (10/19, Drucker, subscription required) reports, "Senate Republicans, acknowledging they lack the votes to block a healthcare reform bill outright, have implemented a comprehensive political strategy to delay, define, and derail." Republicans "are demanding a

deceleration of the process and moving to define whatever plan that emerges as a combination of Medicare cuts, tax increases, higher insurance premiums, and rising overall costs." Roll Call adds that "earlier in the year, Republicans were hoping that Democratic divisions would do to Obama's healthcare agenda what the GOP can't, but they no longer expect moderate Democrats to stand in the way of passage -- even one that includes a public insurance option."

## **Many seniors oppose health reform despite Administration's concessions.**

The [Washington Times](#) (10/19, Miller) reports, "President Obama's push for a \$250 bonus for Social Security recipients is but the latest in a series of paydays and promises the administration has showered on seniors -- that politically powerful demographic that holds the keys to healthcare reform and, so far, is not sold on the White House plans. The President's call last week for Congress to approve \$250 checks to make up for the lack of an annual Social Security" COLA "follows a similar payment to seniors as part of the \$787 billion economic stimulus package."

## **Human resources consulting firm says employees' insurance costs will rise under reform.**

The [Wall Street Journal](#) (10/19, Mincer, subscription required) reports that according to data released by healthcare consulting firm Hewitt Associates, employees will pay more for copayments, deductibles and premiums for their employer-based health insurance regardless of what kind of healthcare reform emerges from Congress this fall. The Journal adds that this increase in cost may make flexible spending accounts more attractive to employees.

## **Young adults could feel highest costs, greatest benefits of healthcare reform.**

The [Washington Times](#) (10/18, Haberkorn) reports, "Young adults, a group that helped elect President Obama last fall, could have the highest costs to bear but the most to gain under the healthcare overhaul proposals in Congress." The various bills "require insurance companies to reduce the disparities between what they charge the young and the old, with potential to dramatically raise prices for young adults." However, "there are provisions that try to help provide coverage to young adults, such as tax subsidies."

## **House Democrats say CBO affirms public option is affordable.**

The [Washington Times](#) (10/17, Haberkorn, Rowland) reported that House Democrats said a preliminary Congressional Budget Office estimate "proves a government-run insurance plan isn't too costly to be part of healthcare reform." Meanwhile, Senate Health, Education, Labor and Pensions Chairman Tom Harkin (D-IA) urged "moderate Democrats to drop their opposition to it." House Speaker Nancy Pelosi (D-CA) "has been adamant that a public option be part of the final bill, and her office seized on rough estimates" from the CBO "as evidence it could be done without exceeding President Obama's \$900 billion cost ceiling." The [Washington Post](#) (10/17, Montgomery) noted that the CBO report, "delivered privately this week to House leaders, predicts that one proposal, which would create the government-run insurance plan preferred by liberals, would cost around \$905 billion over the next decade."

## **CBO analyst says calculations on health bills' cost "almost certainly wrong."**

The [Washington Post](#) (10/19, Montgomery) reports on Phil Ellis, "the most powerful guy you've never heard of in the healthcare debate. A senior analyst with the Congressional Budget Office, Ellis is the man who has to decide what it would cost to rebuild the health insurance system." Ellis "is the first to admit that his painstaking numbers are almost certainly wrong." Adds the Post, "Much of what the CBO does is akin to trying to forecast your grocery bill in 10 years," and "even the most careful estimate can be blindsided: What if the baby you projected to arrive in 2012 turns out to be twins in 2010?"

## **Proposed Medicaid, SCHIP expansions may exacerbate state budget deficits.**

[USA Today](#) (10/19, Wolf) reports that government programs for the poor -- Medicaid and SCHIP -- "would expand to cover nearly one in five Americans under health insurance legislation pending in Congress, putting pressure on federal and state budgets." Most of the "14-million adults who would be added over the next decade lack insurance and get healthcare at emergency rooms and community health centers. The federal government pays some of that cost, but hospital payments would be reduced. ... Because new Medicaid beneficiaries would use more healthcare services than they do now, government costs would increase." Moreover, according to the National Governors Association, Medicaid already "consumes about 22% of state budgets, and 13-million people are eligible but not enrolled." The expansion "could tempt more of those currently eligible to sign up."

## **States' healthcare experiences said to offer lessons for reform.**

Three major newspapers examined the healthcare experiences of three different states. The [Los Angeles Times](#) (10/17, Oliphant, Geiaer)

analyzed Massachusetts, writing that while "thanks to the state's overhaul three years ago, 96% of residents are covered," state legislators "avoided taking on cost controls, and people are paying the price." Insurance premiums for most residents "are going up, not down," and "many middle-class people who had insurance before the overhaul see little change -- except that they're spending more."

The [New York Times](#) (10/17, A1, Harris) reported on its front page that Hawaii's healthcare system shows "that even small steps to change the system can have lasting effects on health." The state "has required all employers to provide relatively generous healthcare benefits to any employee who works 20 hours a week or more" for the past 35 years. Today, Hawaii's health insurance premiums "are nearly tied with North Dakota for the lowest in the country, and Medicare costs per beneficiary are the nation's lowest."

In the [Wall Street Journal](#) (10/17, A11, subscription required), Tarren Bragdon of the Manhattan Institute and Stephen Parente of the University of Minnesota's Carlson School of Management warned that early-1990s reforms in New York, intended to fix the state's healthcare system and reduce the number of uninsured, resulted in one of the nation's most expensive and most regulated private insurance markets, without significantly altering the overall number of those covered.

## Michigan House speaker expects physician tax to fail.

[Crain's Detroit Business](#) (10/19, Greene) reports Michigan state House Speaker Andy Dillon (D-Redford Township) "said he is not optimistic the Republican-controlled Senate will approve a three percent physician tax designed to avert hundreds of millions of dollars in Medicaid cuts to hospitals, nursing homes, physicians and other safety-net providers." Dillon said he is not sure how some large medical facilities, such as the Detroit Medical Center, will be able to survive given the eight percent cuts in Medicaid payouts to hospitals and nursing homes. Dillon said "some Democrats are not on board," and most Republicans are expected to vote against the measure. Crain's adds that the two largest physicians groups in the state also oppose the tax.

## Public Health and Private Healthcare Systems

### Medicare, Medicaid fraud said to be easy to do, hard to unravel.

In a column in the [Chicago Tribune](#) (10/19), Greg Burns writes, "In a troubled economy, cheating Medicare and Medicaid just might be the easiest money anywhere. Recent reports about violent criminals and organized-crime figures putting aside their drug-running enterprises to pose as healthcare providers only scratch the surface." Timothy Morrison, attorney for the Southern District of Indiana said that "many schemes...require no 'gigantic intellectual leap,'" but they "are tough to unravel."

## Consumer Directed Healthcare News

### Workers face higher insurance costs as employers cut back.

[NBC Nightly News](#) (10/16, story 8, 2:35, Gregory) reported, "Millions of Americans who are fortunate enough to have health insurance through their employers are in the midst of the enrollment period, when changes can be made, and this year many employees are finding those changes will cost them a lot more money." NBC's Regan added, "As healthcare costs continue to escalate and corporations continue to struggle in a tough economic environment, companies are increasingly cutting back on health benefits while passing on costs to employees."

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