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Customized Briefing for Brett Houston

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Leading the News

Baucus introduces Senate Finance health reform legislation.

[CQ Today](#) (10/19, Wayne, subscription required) reports that Senate Finance Committee Chairman Max Baucus (D-MT) introduced his committee's version of healthcare reform legislation Monday, noting that the Health, Education, Labor and Pensions Committee's version was released on July 15. "Majority Leader Harry Reid (D-NV) is trying to blend the two measures for floor debate. Negotiations to do so began last week. The negotiators met Monday night and plan to resume Tuesday." CQ details the differences and commonalities of the two bills.

[Roll Call](#) (10/20, Drucker, subscription required) reports briefly that closed-door talks to reconcile the two committees' bills "will resume at 6 p.m. Monday in Majority Leader Harry Reid's (D-NV) office. The talks are set to include Reid, Finance Chairman Max Baucus (D-MT) and Sen. Chris Dodd (CT), the No. 2 Democrat on the Health, Education, Labor and Pensions Committee. Senior White House officials, including Chief of Staff Rahm Emanuel and Nancy-Ann DeParle, President Barack Obama's chief healthcare adviser, are also likely to participate." According to Roll Call, "the main difference between the two bills is that the HELP bill calls for a public insurance option while the Finance measure calls for a network of health insurance cooperatives."

[Bloomberg News](#) (10/20, Jensen, Litvan) reports on the potential for increased squabbling over the ultimate form healthcare reform will take as Congress nears the formation of a final bill, focusing on the potential for intraparty fighting among Democrats. Reform "got a boost last week when the Senate Finance Committee approved an \$829 billion plan to curb medical costs and extend coverage to tens of millions of the uninsured. ... Senate Majority Leader Harry Reid is working with White House aides and committee chairmen to merge that bill with one passed by the Senate health panel. Speaker Nancy Pelosi is doing the same in the House. If each passes legislation, they would fashion a compromise for new votes in both chambers."

[Roll Call](#) (10/20, Drucker, subscription required) notes, meanwhile that Senate negotiators "adjourned their meeting Monday evening with a spokesman for Majority Leader Harry Reid (D-NV) saying no decisions were made on key issues. Jim Manley, Reid's spokesman, said the principles had a productive meeting and discussed several topics, including healthcare affordability and a proposed public insurance option."

Senators considering various versions of public option. The [Wall Street Journal](#) (10/20, Hitt, Adamy, subscription required) reports that though the possibility of a public option in congressional healthcare reform had been considered to be very remote in recent weeks, a number of potential plans that would include a government-run insurance entity are currently being discussed, from one that would launch if other legislation did not reduce the number of uninsured by sufficient levels, to one that would establish such an insurer, but allow states to opt out of participating. Senate Finance Committee Chairman Max Baucus (D-MT) said, "This issue is alive, and we're looking at it."

Insurers expect losses from Finance bill. The [Wall Street Journal](#) (10/19, Adamy, Hitt, subscription required) reports that

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though the pharmaceutical industry and hospital companies expect to gain from an influx of newly-insured patients should comprehensive healthcare reform pass, insurance company executives are less optimistic. The piece suggests that though insurers would get more customers as well, they would be less profitable than the current pool of beneficiaries.

Goldman Sachs says UnitedHealth, Humana face hits from Finance bill. [Bloomberg News](#) (10/20, Nussbaum) reports that according to an analysis from Goldman Sachs Group, Inc., Medicare cuts under the Senate Finance Committee's bill "will halve earnings growth over the next decade for UnitedHealth Group, Inc., the largest US insurer, and wipe them out completely for Humana, Inc." Bloomberg adds that "Cigna, Inc. will be least affected among the five largest insurers, given its low numbers in Medicare and commercial policies where profit margins are likely to drop, said Matthew Borsch, a Goldman analyst, in a note to clients." Still, "the three companies, along with WellPoint, Inc. and Aetna, Inc. will see earnings growth cut in half, to 5 percent," under the Finance bill.

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

Reid backing bill to halt Medicare reimbursement cuts.

The [Los Angeles Times](#) (10/20, Geiger) reports that Senate Majority Leader Harry Reid (D-NV) is backing a bill introduced by Michigan Sen. Debbie Stabenow (D) to "reconcile a nearly \$250-billion difference between the House and Senate approaches to overhauling healthcare" by halting "scheduled reductions in Medicare payments to physicians." Sen. Stabenow's bill "would end the cuts and set Medicare payment rates at current levels. Doing so would allow Democrats to maintain the American Medical Assn.'s support for an overhaul without having to absorb the cost of higher doctor payments in the final healthcare bill." The Times explains that Congress has deferred cuts at the AMA's behest for a number of years, resulting in a 21% cut scheduled for next year.

The [AP](#) (10/20, Espo) notes that despite the movement, the "AMA won't yet pledge support for the major healthcare bill" despite numerous requests, and it also does not seem "eager to soft-pedal another of its own top priorities, legislation to restrict medical malpractice payments."

[CongressDaily](#) (10/20, subscription required), meanwhile, reports that Ohio Sen. Sherrod Brown (D) announced Monday afternoon that there could be a cloture vote on the bill "as early as [Tuesday] afternoon if both parties' leaders agree.

GOP set to criticize bill as wasteful. [CQ Today](#) (10/19, Armstrong, subscription required) reports that GOP Senators are set to allow debate on the bill, "but are seeking to turn it into a referendum on fiscal responsibility in the healthcare debate." Noting that the measure would "could cost a few hundred billion dollars," CQ adds that the current "formula has demanded deep cuts in Medicare physician pay for much of the decade, though Congress has almost always stepped in to stop them. It would essentially eliminate the formula -- but at a cost of around \$245 billion over a decade. Democrats are seeking to pass the bill without any cost offsets, arguing that the cost-control formula is broken and that Congress always blocks the cuts anyways. While that is true, in the past lawmakers have found ways to offset the policy, usually with a combination of cuts to other healthcare spending and also by creating deeper future cuts."

Public Opposes Healthcare Reform Plans 48%-45%, But Backs Public Option 51%-37%.

The [Washington Post](#) (10/20, Balz, Cohen, 684K) reports on a new WPost-ABC News poll that "shows that support for a government-run healthcare plan to compete with private insurers has rebounded from its summertime lows and wins clear majority support from the public." The Post adds that "overall, 45 percent of Americans favor the broad outlines of the proposals now moving in Congress, while 48 percent are opposed," with "seven in 10 Democrats" backing "the plan" and "almost nine in 10 Republicans" opposing. Independents, meanwhile, "divide 52 percent against, 42 percent in favor of the legislation." However, "a slim majority of Americans, 51

percent, would prefer a plan that included some form of government insurance," while "thirty-seven percent would rather have a bipartisan plan that did not feature a public option."

On [ABC World News](#) (10/19, lead story, 2:35, Gibson, 8.2M), which led with the poll and reported that "57%" now support the public option, George Stephanopoulos said, "What's ironic about this is it may not make the job of the White House and Senate Democratic leaders any easier. They still don't have 60 votes in the Senate for this public health insurance option and these poll numbers are likely to energize the supporters of the option without moving the centrist Senators who are opposed to it."

[Fox News' Special Report](#) (10/19, lead story, Baier) reported, "Even though President Obama's aides say he is not insisting on the public option, many Democrats are. ... But even some Democrats say the public option is a non-starter." Obama "continues to have one foot firmly planted in both camps, with advisors saying he won't insist on it but still thinks it is the best option."

Ignagni defends AHIP report, says insurers want healthcare reform.

Karen Ignagni, president and chief executive of America's Health Insurance Plans, writes in the [Washington Post](#) (10/20), "It has been alleged that health insurers commissioned a report recently from PricewaterhouseCoopers as part of a last-ditch effort to kill healthcare reform, and "a relentless public relations campaign has attacked the messengers." Ignagni adds that "some have questioned the timing of the report's release. AHIP commissioned the report Sept. 29, as it became clear that the Finance Committee would gut the requirement that all individuals obtain coverage. We received the study on Saturday, Oct. 10, and shared it with our members the next day." Ignagni also writes, "Let me be clear and direct: Health plans continue to strongly support reform," and calls for "guaranteeing access to affordable coverage for those outside of the system while ensuring that those who have coverage can keep what they like."

Health reform bills allow age disparity in insurance premiums.

[McClatchy](#) (10/20, Lightman) reports that though current legislation in the House and Senate would allow health insurers to continue charging older beneficiaries more than their younger counterparts, they "would end what many consider another longstanding, discriminatory practice -- basing rates on gender, which is now allowed in most states. Some wonder, are middle-aged and older consumers victims of age discrimination? Senate Finance Committee member John Kerry (D-MA) said, 'Allowing insurers to charge older Americans vastly higher premiums simply because of their age is discrimination, pure and simple.'" However, "Lawmakers explained that charging older people more, though, also could be justified with data."

Several groups urge senators to include affordable coverage in health reform bill.

[CongressDaily](#) (10/20, Edney, subscription required) reports, "Patient, consumer, and labor groups are crafting a proposal they plan to shop to key senators to make health coverage more affordable than it would be under legislation approved by the Senate Finance Committee, hoping to influence a final Senate version of healthcare overhaul." So far, "11 groups, including AARP, The American Cancer Society Cancer Action Network, and the Service Employees International Union, are working on the pitch, which has not been signed off on by every group." The groups issued "a statement Monday pushing for a final Senate bill that 'makes high quality healthcare affordable for all Americans,'" and noted that the "current proposal that cleared the Senate Finance Committee does not yet pass that test."

NYTimes praises end to Medicare Advantage gag order.

The [New York Times](#) (10/20, A30) editorializes on the Obama Administration's "ham-handed attempt to stop health insurers from warning buyers of private Medicare Advantage plans that their extra benefits might be cut under pending healthcare legislation," noting that an "inquiry by the government's Centers for Medicare and Medicaid Services had to stretch facts to the breaking point to make a weak case that the insurers were doing anything improper." Under the revised rules, insurers "must not use any federal money" to "mobilize" customers, and "must first get permission from beneficiaries before sending them information about pending bills or urging them to press their legislators. That seems like a satisfactory conclusion to a sorry attempt to stifle debate."

Public Health and Private Healthcare Systems

Rising costs lead to 15% increase in Medicare premiums.

The [New York Times](#) (10/20, Pear) reports that according to "federal officials," basic Medicare premiums are set to rise 15% next year to \$110.50 per month, the first time the premium has topped \$100. The Times attributes the increase to rising healthcare costs, noting that only 27% of participants will be affected since the others are protected from the rise by rules limiting increases on Social Security recipients. "Kathleen Sebelius, the secretary of health and human services, urged the Senate to approve a bill, already passed by the House, to block the scheduled increase in Medicare premiums. 'We are in tremendously difficult economic times, and seniors are being hit particularly hard,' Ms. Sebelius said. 'The last thing seniors need right now is a substantial increase in their Medicare premiums, and many

seniors will see such an increase if no action is taken."

Anthem, Norton Healthcare resolve fee dispute, sign new contract.

The [Louisville \(KY\) Courier-Journal](#) (10/20, Howington) reports, "Roughly a quarter-million" Anthem insurance customers in the Louisville area can once again go to Norton Healthcare doctors and hospitals without paying out-of-network fees. The two companies announced Monday that they have signed a new contract, effective immediately, that puts Norton -- Louisville's largest hospital company -- back in Anthem's network, after an absence of more than three months." In a joint statement, "Norton CEO Stephen A. Williams said, 'We recognize how difficult the out-of-network situation has been for our Anthem patients' and for doctors, employers and others. He and Deb Moessner, Anthem's Kentucky president, said both companies are 'very pleased' about what she described as a 'fair agreement.'" The agreement ended "what may have been the most widespread disruption of health-insurance coverage the Louisville area has ever experienced."

Kansas health officials announce backlog of Medicaid applications.

The [AP](#) (10/19) reports that health officials in Kansas blame "rising unemployment, the swelling ranks of the uninsured, outdated technology and the state's budget problems" for a backlog of some 12,000 applications for Medicaid. The AP notes that a contractor for the Kansas Health Policy Authority had asked for a \$1.5 million addition to its grant to staff up for the expected backlog, but their request was denied, and therefore the firm has been taking up to four months to process applications.

Three drugmakers settle Medicaid claims with US.

The [AP](#) (10/20) reports that Mylan, Inc. "will pay \$121 million to settle claims it did not properly reimburse Medicaid for drugs, while two other drugmakers are making smaller payments." The AP adds, "Two Mylan subsidiaries, along with units of AstraZeneca PLC and Johnson & Johnson, are resolving allegations they sold drugs to Medicaid and then reimbursed the program at a lower rate. The settlements resolve allegations the companies violated the False Claims Act between 2000 and 2004." Mylan "says it will take a one-time charge of \$83 million in the third quarter, but will try to recover some of the funds from third parties that supplied it with products and received overpayments."

Also in the News

Experts predict "shockingly higher" healthcare costs for 2010.

[CNNMoney.com](#) (10/20, Kavilanz) reports, "Employers and employees will face shockingly higher" healthcare costs next year, according to Helen Darling, president of the National Business Group on Health, "whose members include Fortune 500 companies." Companies are "raising deductibles, co-payments and employee out-of-pocket limits. 'In better economic times, employers are better able to shoulder the [healthcare cost] burden. Not as much now,' said Billet, who estimates that costs could increase between 10 to 20 percent for insured workers." Compounding the cost problem are "other underlying factors," including the "aging of the population, greater use" of healthcare IT, "and government cost-shifting," Billet said. The article provides comments from several other experts as well, all of whom concur on the issue of rapidly rising health costs.

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