



Customized Briefing for Kimberly Barry-Curley

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Leading the News

House, Senate Democratic leaders near agreement on some form of public option.

Coverage of the healthcare debate focuses on what the Washington Post calls a "dramatic" shift in momentum back toward some form of public option plan being included in the final bill. [NBC Nightly News](#) (10/23, story 6, Williams) reported there are "signs that Congress may include" the public option. The House and Senate "are working to reconcile their different versions of the legislation. Both the Speaker of the House and the Senate Majority Leader are said to be supporting at least some version of it." [Bloomberg News](#) (10/24, Rowley, Litvan) similarly reports Senate Democrats "are leaning toward including a government-run insurance plan...that would let individual states to opt out, a proposal House leaders signaled would be acceptable."

The [Washington Post](#) (10/24, A1, Murray, Montgomery) reported on its front page that Democratic leaders in both chambers "have concluded that a government-run insurance plan is the cheapest way to expand health coverage, and they sought Friday to rally support for the idea, prospects for which have gone in a few short weeks from bleak to bright." The Post called the "shift in momentum is so dramatic that many lawmakers now predict that President Obama will sign a final bill that includes some form of government-sponsored insurance for people who do not receive coverage through the workplace."

The [Los Angeles Times](#) (10/24, Levey, Oliphant) reported that House Speaker Nancy Pelosi (D-CA) said Friday that "states might be able to 'opt out' of any nationwide government insurance plan, a compromise that she suggested could unify congressional Democrats and enable President Obama to sign a healthcare overhaul bill later this year." The [New York Times](#) (10/24, A10, Pear, Herszenhorn), [The Hill](#) (10/23, Allen, Hooper), and the [Washington Times](#) (10/24, Haberkorn, Rowland) also covered the story.

Schumer says Democrats near 60 votes on reform bill with public option. As negotiators continue work, several top senators appeared on the weekend talk shows to discuss progress on the healthcare reform bill. Media coverage generally cast the developments in a positive light, highlighting Sen. Charles Schumer's (D-NY) claim that Democrats are close to having a filibuster-proof majority in support of the legislation. Among the networks, both CBS and ABC covered the story, with the [CBS Evening News](#) (10/25, story 6, 0:15, Mitchell) reporting that Schumer "said Democrats are close to having the 60 votes needed to include a public insurance option in the healthcare reform bill. Schumer says the plan may allow states to opt out of participating in the public option."

[Politico](#) (10/26, Isenstadt) reports that in an appearance on NBC's Meet the Press, Schumer said that Majority Leader Reid -- "whom he called a 'wizard' at counting votes -- was rallying support around a bill that would allow states to opt-out of a government-run public-insurance option." The Politico notes that Democratic leaders "are now in intensified talks about what form of a government insurance option will reach the Senate and House floors. Aside from the opt-out track, Democratic leaders are also pondering whether to include a "trigger" mechanism for a public option."

The [Washington Post](#) (10/26, Connolly) notes Schumer's remarks, adding that with a "growing sense that Democrats may have the votes to pass healthcare reform, many participants are now attempting to shape the components of landmark legislation rather than to

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defeat it." On Monday, Majority Leader Reid "is expected to request a cost estimate on the bill he has worked out behind closed doors, moving one step closer to debate in the full Senate, his spokesman said." The "shift into deal-making mode is both good news for President Obama and an indication that the most arduous work is yet to come."

The [Wall Street Journal](#) (10/26, A3, Adamy, Hitt, subscription required) says that Reid and other Senate leaders plan to submit the bill to CBO for a cost estimate on Monday. In addition, it may be a week before the full House and Senate take up their final bills.

The [New York Times](#) (10/26, Berger) reports that "several Democratic senators voiced optimism on Sunday that Congress would pass a healthcare bill containing at least the germ of a government-run insurance program. Their expectations were grudgingly seconded" by Sen. John McCain (R-AZ).

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

LATimes: Health reform will increase insurers' incentive to deny costly claims.

A [Los Angeles Times](#) (10/24) editorial pointed out that current healthcare reform bills would prohibit the individual insurance market from denying coverage or increasing the premiums of "individuals with preexisting conditions." But the bills do not negate the fact that the federal ERISA law "exempts employers from state rules mandating which types of treatments must be covered" and protects employers and insurers from "most damages if a policyholder's treatment is wrongfully delayed or denied." Therefore, although "many employers would stop providing health benefits if they lost this shield against bad-faith and wrongful-death" suits, it has the "perverse effect" of giving "insurers and self-insured employers an incentive to deny costly claims"; and forcing insurers to cover "the people they'd previously deemed too costly," will only increase that incentive.

Despite Democratic rhetoric, insurers' profits said to be "anemic." In an [AP](#) (10/26) analysis story, Calvin Woodward reports that in the "healthcare debate, Democrats and their allies have gone after insurance companies as rapacious profiteers making 'immoral' and 'obscene' returns while 'the bodies pile up.'" But health insurance "profit margins typically run about 6 percent, give or take a point or two. That's anemic compared with other forms of insurance and a broad array of industries, even some beleaguered ones." Insurers "are an expedient target for leaders who want a government-run plan in the marketplace."

Reform bill likely to benefit insurers. The [Los Angeles Times](#) (10/26, Levey, Girion) reports that as President Obama's "push for a healthcare overhaul moves toward its final act, the oft-vilified health insurance industry is on the verge of seeing a plan enacted that largely protects its financial interests." There is "broad agreement that the final plan will" include an individual mandate and "there are likely to be no limits on what insurers can charge, while at the same time the plan is expected to limit competition from any new national government insurance plan that lawmakers create." These "anticipated wins -- from an initiative that has at times been portrayed as doomsday for health insurers -- is the result of a strategy developed by one of Washington's savviest lobbyists, Karen Ignagni."

CBO finds insurer antitrust bill would have little effect on premium prices.

[Bloomberg News](#) (10/24, Faler) reported that the CBO issued a report Friday finding that "a proposal to strip the insurance industry of its exemption from federal antitrust laws wouldn't have a significant effect on the cost of healthcare premiums." The CBO noted that the bill approved "by the House Judiciary Committee would only have a 'small' effect on premium costs because 'state laws already bar the activities that would be prohibited under federal law if this bill was enacted.'" According to Bloomberg, the "analysis undercuts Democrats' arguments that the proposal, which would bar companies from engaging in price fixing, bid rigging and market allocation, would spur industry competition and control premium costs."

Millions reportedly still could not afford insurance post-reform.

[USA Today](#) (10/26, Fritze) reports the "high cost of health insurance premiums would continue to put coverage out of reach for millions even if Congress approves legislation President Obama says is intended to ensure 'that every American has affordable healthcare.'" The "number of people who slip through the cracks will depend on how House and Senate leaders reconcile" the various bills, and the "factors include the size of government subsidies to help low-income families pay for insurance and the scope of penalties that would be charged for those who don't buy a plan." The Senate Finance Committee's bill "would expand coverage to 29 million Americans who wouldn't otherwise have it, ensuring that 94% of residents are covered, according to the Congressional Budget Office."

Pre-existing condition denials expected to be eliminated under individual mandate.

The [Chicago Tribune](#) (10/26) reports on insurance denials based on pre-existing conditions, which "the health insurance industry has committed to eliminating" if legislators include an individual health insurance mandate in their health reform proposals. "Without a system that includes a mandate, consumers could defer getting coverage until they need medical care, and that can lead to higher premium costs for those with insurance." The Tribune notes that currently there is a "difficulty in predicting prices of plans for individuals...partly because Congress has yet to iron out whether insurance companies will offer benefits through an exchange or whether health plans will have to compete with a government-run plan that lawmakers are calling a public option. Those details are expected to be ironed out in the congressional floor debates and committees reconciling the bill."

Senate bill may include higher penalty for businesses if workers get subsidies.

The [AP](#) (10/26, Espo) reports that businesses "would not be required to provide health insurance under legislation being readied for Senate debate, but large firms would owe significant penalties if any worker needed government subsidies to buy coverage on their own, according to Democratic officials familiar with talks on the bill." For firms "with more than 50 employees, the fee could be as high as \$750 multiplied by the total size of the workforce if only a few workers needed federal aid, these officials said. That is a more stringent penalty than in a bill that recently cleared the Senate Finance Committee, which said companies should face penalties on a per-employee basis."

Pelosi working to close Medicare doughnut hole.

[CQ Today](#) (10/24, Epstein, subscription required) reported, "Speaker Nancy Pelosi made another bid to solidify support for Democrats' ambitious healthcare plans on Friday, pledging to move aggressively to close the 'doughnut hole' in Medicare drug coverage." Pelosi has "said the legislation she is negotiating with members of her caucus will give Medicare recipients who fall into the coverage gap an immediate 50 percent discount on brand-name prescriptions and shrink out-of-pocket costs by \$500. The doughnut hole will be completely phased out by 2019, she said."

The [Washington Post](#) /Reuters (10/23, Smith) noted that closing the doughnut hole is one of AARP's top priorities, and doing so could help Democrats garner seniors' support for health reform.

Public Health and Private Healthcare Systems

Medicare fraud now totaling about \$60 billion per year.

[CBS News](#) (10/25) reported on its website that President Obama says that "there is enough waste and fraud in the [healthcare] system to pay for...reform if it was eliminated. In fact, Medicare "provides a rich and steady income stream for criminals who are constantly finding new ways to steal a sizable chunk of the half trillion dollars that are paid out each year in Medicare benefits." Medicare fraud is "estimated now to total about \$60 billion a year." The story includes interviews with South Florida FBI Special Agent Brian Waterman, "the senior agent in the Miami office in charge of Medicare fraud," DOJ Medicare fraud prosecutor Kirk Ogrosky, and Attorney General Eric Holder. Waterman noted that "there are entire groups and entire organizations of people that are dedicated to nothing but committing fraud, finding a better way to steal from Medicare."

Physicians testing new "bundled" payment system.

[USA Today](#) (10/26, Galewitz) reports that some physicians are testing "a new 'bundled' payment system" under which "Medicare makes a single reimbursement for all the hospital and doctor care for heart and joint procedures, rather than making separate payments to the facility and physicians." Now, "such combined payments are getting close attention during the healthcare debate as a way to encourage hospitals and doctors to work together to hold down costs and improve care." In particular, "bundling payments moves medical charges away from the traditional fee-for-service system that pays providers separately for individual services -- an arrangement critics of the current system say leads to doctors and hospitals delivering more care, but not better care."

Uninsured

Few part time workers get employer health benefits.

The [CBS Evening News](#) (10/25, story 7, 2:35, Mitchell) reported, "Sixty percent of businesses in this country currently provide health benefits for their employees, but only half that number cover part-time workers." CBS (Miller) added, "Whole Foods is an atypical company, providing access to full health benefits for its part-time workers." Of Whole Food's "51,000 employees, 10,000 are part-time, and one in five of them opt into the plan." Fewer than "a third of American companies offer their part-time employees healthcare benefits and large companies like Whole Foods are twice as likely to offer coverage than the nation's smallest businesses. In fact, 60 percent of companies with 5,000 or more employees offer health benefits to part-timers, while only 27 percent of firms with 200 or fewer employees do so."

Growing number of middle-aged unemployed losing health coverage.

The [St. Petersburg Times](#) (10/25, Martin) reported, "A growing number of Americans who are 50 to 64 are losing their health insurance, casualties of rising unemployment and the increasing number of businesses that can't afford to cover their workers. The AARP estimates more than seven million people in this age group are uninsured, a number that is rising fast, and adding a new dimension to the national healthcare debate." Hitherto, "much of the focus has been on getting more young people insured, or preserving benefits for the millions older than 65 on Medicare." Yet, "the not-quite-ready-for-Medicare set face a double threat: loss of access to healthcare just when they need it most." David Sloane, AARP's senior vice president of government relations, said, "We are quite concerned," since "half of the AARP's 40 million members are age 50 to 64."

Also in the News

Workers' health costs expected to rise next year.

The [AP](#) (10/26, Wyatt) reported, "Workers and employers both are looking at higher health tabs for next year. And with proposed healthcare overhauls at least three years away, cynicism about the state of the nation's healthcare is running high." A Kaiser Family Foundation "survey of employers found that 42 percent were at least considering raising employee contributions to their health coverage next year, and 37 percent were considering raising the amounts employees pay for prescription drugs." Also, the AP notes that workers are "facing higher co-pays and deductibles. Counting those add-on costs, employees are likely to pay 10 percent more for the same coverage next year, according to Hewitt Associates, an Illinois-based benefits consultant."

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