NAHU Newswire
Prepared exclusively for members of
NAHU National Association of Health Underwriters
in affiliation with BulletinHEALTHCARE
Today's News for the National Association of Health Underwriters from Newspapers, TV, Radio and Journals

Customized Briefing for Kimberly Barry-Curley **January 9, 2013**

Leading the News

HHS Blocks Majority Of Cuts To Medicaid Sought By Maine Governor.

The AP (1/9, Sharp) reports, "The Obama administration has rejected Republican Gov. Paul LePage's plan to cut health care coverage for more than 20,000 low-income Mainers but left intact provisions approved by the former GOP-controlled Legislature that'll eliminate benefits for another 12,600 residents." Specifically, the Federal Department of Health and Human Services "denied Maine's request to eliminate Medicaid coverage for Maine parents who make between 100 percent to 133 percent of the federal poverty level and to drop coverage for 19- and 20-year-olds, changes that combined would have eliminated coverage to more than 20,000 people," but "granted permission to reduce coverage under the Medicare Savings Program and eliminate coverage for parents making between 133 percent and 150 percent of the poverty level." Altogether, 12,600 people will lose coverage in the state.

The New York Times (1/9, Goodnough, Subscription Publication) reports that Marilyn Tavenner, the acting administrator of the Centers for Medicare and Medicaid Services, "told Mr. LePage in a letter that the cuts would violate a provision of President Obama's health care law requiring states to maintain Medicaid eligibility levels."

The Wall Street Journal (1/9, Radnofsky) quotes directly from Tavenner's letter to LePage, which read, "We do not agree with your claim. The Supreme Court did not strike down any part of the Affordable Care Act. The Court limited federal enforcement remedies with respect to states that elect not to proceed with the Medicaid adult eligibility expansion."

The Portland (ME) Press Herald (1/9, Mistler) notes that with the "split decision" out of HHS, Maine is allowed to save $4.5 million out of $23 million "in targeted cuts." The Bangor (ME) Daily News (1/9, Stone) adds that "the state will make the prescribed Medicaid cuts starting March 1."

In a separate report, the Portland (ME) Press Herald (1/9, Bouchard) carries the reactions of various "Democratic and Republican leaders" who "issued written statements Tuesday criticizing different aspects of the federal waivers," as well as assorted community advocates and stakeholders. The Portland (ME) Daily Sun (1/9, Carkhuff) also reports.

From NAHU

Capitol Conference Early Registration Ends Wednesday, January 9!
Click here to register online now, before the registration fee increases.
CapConPLUS: Your best value!

This year, each session includes so much content about nuanced aspects of health reform that you're going to want to attend them all. Breakout sessions will focus on regulatory and implementation issues. The schedule only allows for enough time for attendees

all. Breakout sessions will focus on regulatory and implementation issues. The schedule only allows for enough time for attendees to pick two breakout sessions to attend in person, but with CapConPLUS, you don't have to miss a thing! **By selecting CapConPLUS, you will receive audio recordings of all general sessions and breakouts, synced to the PowerPoints.**

Breakout sessions are currently planned on the following topics:

- Employees, How Do I Measure Thee? Let Me Count The Ways
- 2014—The Year of Requirements
- Health Insurance Exchange Myths and Realities
- The Interaction and Future Regulation of Agents, Brokers and Navigators
- Modified Community Rating—Coming Soon to Individual and Small Group Markets Near You
- EHBs, Actuarial Value, Minimum Value, QHPs, Etc.—What Does It All Mean, How Does It Work and How Will It Impact My Clients?
- Help! My Small Group Is Actually A Large Group Too!
- Self-Funding Basics

Quick Links:
Conference Website
Online Registration
Hotel Reservations
See Who Is Already Registered

NAHU in the News

NAHU Submits Comment Letter In Response To Draft PPACA Regulations.

LifeHealthPro (1/8, Bell) reports that "something as simple as the exact rules for when consumers can and cannot sign up for health coverage could have a big effect on the flow of health claims risk and on what commercial health insurance costs." The article adds that "representatives from the National Association of Health Underwriters (NAHU) and the Council of Insurance Agents & Brokers (CIAB) make that argument in separate comment letters submitted in response to draft Patient Protection and Affordable Care Act (PPACA) implementation regulations that the U.S. Department of Health and Human Services (HHS) published in November 2012." According to the report, Jessica Waltman of NAHU suggested in the association's letter "that regulators should recognize that they have 'inherent discretion' in using PPACA enforcement powers in ways that will help hold down the cost of coverage and keep PPACA from disrupting the individual and small group health insurance markets."

Legislation and Policy

Scott Criticized For Using Flawed Medicaid Expansion Estimates.

The AP (1/9, Fineout) reports, "Gov. Rick Scott is again facing criticism that he is overstating the potential cost to Florida taxpayers of the federal health care overhaul." On Monday, Scott met with HHS Secretary Kathleen Sebelius "to express his concerns about the overhaul, which includes an expansion of the state's safety-net health care program." At the meeting, Scott cited a figure from the state's healthcare agency, that "state taxpayers will have to pay near $26 billion over the next 10 years to implement the overhaul." However, that number "is three times higher than one drawn up by state economists back in August," and recently surfaced "internal emails show that the state's top economist and a legislative budget analyst back in December challenged the assumptions the Scott administration used to

reach its figure." News of the emails "triggered a sharp response from Democrats, who say Scott is pushing up the cost to justify his opposition to the Medicaid expansion."

Forbes (1/9, Japsen) reports that the news originally broke early Tuesday in a story Tampa, FL (1/8, Gentry) in Health News Florida, titled "Legislative Analysts Told Scott His Medicaid Estimates Are Wrong (But He's Using Them Anyway)." The piece explained that "Scott is using inaccurate numbers based on a 'flawed report' for his reasoning against participating in an expansion of Medicaid under the Affordable Care Act."

The Orlando (FL) Business Journal (1/9, Aboraya, Subscription Publication) "Buzz" blog explains, "The estimates were flawed to the point of being illegal to use in budget projections; the biggest issue is the report assumes that the federal government will renege and only pay about 58 percent of the cost of the expansion, as opposed to what the law says, which is covering all the costs through 2016 and slowly tapering down."

In an article titled "Scott Was Warned His Obamacare Math Was Wrong," the Orlando (FL) Sentinel (1/9, DeSlatte) writes, "he was fudging the math, on purpose."

PolitiFact Florida Rates Scott's Claim As False. The Tampa Bay (FL) Times (1/9, Sharockman) runs a PolitiFact Florida piece looking into the veracity of Scott's claim that "a federal plan to expand Medicaid would cost Florida taxpayers $26 billion over 10 years." The ruling states, "Scott and his staff are making assumptions about a study, even though they were notified that the assumptions were questionable. Medicaid expansion could include additional costs to the state, but the federal government will shoulder most of the burden under the federal health care law." Therefore, the piece rates Scott's claims as false.

Scott Responds To Criticism, "Looks Forward" To Reviewing Other Estimates. The Sarasota (FL) Herald Tribune (1/9, Dunkelberger) reports on the Scott Administration's response to the criticism, released late Tuesday. Scott's Communications Director Melissa Sellers, in a statement, said, "AHCA's report concluded that adding people to Medicaid under the new law would cost Florida $26 billion over 10 years. Others have asked AHCA to use different assumptions to calculate different cost estimates. We look forward to reviewing those cost estimates as well." Sellers continued, "Beyond understanding the cost of adding people in Medicaid, the Governor believes it is important that any healthcare decision improve the quality of services available to Floridians at a cost they can afford."

Corker Plans New Entitlement Reform Push, Focuses On Medicare.

The Hill (1/9, Kasperowicz) "Floor Action" blog reports that Tennessee Sen. Bob Corker (R) "said Tuesday he would take a stab at entitlement reform in a new bill to be introduced later this month, saying some effort needs to be made in the absence of leadership from President Obama." Corker said his legislation will call for using Medicare means testing and using the chained CPI to "slow the inflation-related growth of entitlement programs." According to Corker, "both proposals were advocated by the Simpson-Bowles deficit commission."

Medicare Cuts Lead To Losses For Kindred Healthcare.

The AP (1/9) reports, "Shares of health care provider Kindred Healthcare fell Tuesday after the company slashed its guidance to reflect lower Medicare payments from the federal government." The company attributes the new guidance to "cuts to Medicare payments for rehabilitation therapy, which could range from $25 to $30 million per year," which were passed by Congress January 1 as part of the deal to avert the fiscal cliff. Further, "Analysts noted that more cuts could be coming for Kindred and other health care providers," as "Congress and the White House are expected to continue negotiations in coming months to reduce government spending, particularly in the Medicare program." The Louisville (KY) Business First (1/9, Subscription Publication) "Morning Call" blog also reports.

House GOP Looking Into State Medicaid Eligibility Issues.

CQ (1/9, Norman, Subscription Publication) reports, "As Congress sharpens its focus on deficit reduction and health care spending, some GOP members of Congress are taking a fresh look at how people shelter their assets in order to qualify for Medicaid long-term care." According to the article, this move "revives a long-running debate over whether Medicaid should be regarded as a middle-class entitlement or an assistance program for the truly needy," as well as raising the question "of whether 2005 changes in the law were effective in ensuring that people with enough money to afford nursing home care couldn't game the system." Now, Representative Charles Boustany

(R-LA) is "working on legilsation and also pushing for additional congressional hearings" to work on the problem.

Kentucky Democrats, Republicans Square Off Over ACA Implementation.

The Louisville (KY) Courier-Journal (1/9, Gerth) reports, "The chairman of the Kentucky Senate's Health & Welfare Committee said Tuesday that she would file legislation by the end of the week that would prevent Gov. Steve Beshear from setting up two key elements of Obamacare without legislative approval." Beshear "has already taken steps to establish the Affordable Care Act's healthcare exchanges, but hasn't announced a decision on expanding Medicaid to cover more Kentuckians." State Senator Julie Denton, R-Louisville, "said the exchanges and Medicaid expansion are too costly and shouldn't be something that the governor can do unilaterally." However, Kentucky's House is held by Democrats and Denton's bill is unlikely to pass.

Minnesota Legislature Faces Questions On Exchange, Medicaid Expansion.

Minnesota Public Radio (1/8, Stawicki) reports, "State lawmakers are under a tight deadline as they tackle a number of issues related to the federal health care overhaul, including passing legislation to set up a health insurance exchange, the fate of MinnesotaCare and an expansion of Medicaid." Though exchange legislation "faced a difficult couple of years at the state Capital, opposed by a Republican majority hostile to President Barack Obama's health care law," now that Democrats are in power, "such legislation should move along a smoother path." Still, the legislature only has "about 10 weeks to pass a bill that must answer thorny questions such as: who will govern the exchange's operations? How will the state fund it long-term? And will insurance brokers play a role on the exchange" On the question of the expansion of Medicaid, the report says this is "perhaps one of the Legislature's least controversial...decisions." It is supported by Governor Mark Dayton and seems likely to pass.

Schweikert To Lead Small Business Subpanel Overseeing ACA Regulations.

The Hill (1/9, Viebeck) "Healthwatch" blog reports that Republican Representative David Schweikert (AZ) "will examine regulations that affect small businesses as a House subcommittee chairman in the 113th Congress." His move to the Small Business Committee, announced Tuesday, "is likely to involve President Obama's signature healthcare law as implementation ramps up over the next two years." According to the article, "Schweikert made headlines in early December after he was ousted from the elite Financial Services Committee by GOP leadership." Freshman Rep. Chris Collins (R-NY) will head the Small Business Committee's subpanel on health and technology.

Reuters Examines Methods For Affording Insurance Ahead Of ACA.

In one installment of a six-part series on household finance, Reuters (1/9) contributor Lou Carlozo examines how lower-income Americans are managing healthcare costs prior to the Affordable Care Act fully kicking in. He profiles three methods used by people who cannot independently afford insurance. The first: a newly graduated freelance writer is looking to earn another master's degree just to qualify for the college's insurance program. Until he starts, though, the prospective student is looking to guard himself from any illness. Along these lines, the second method Carlozo lists is going completely without insurance, and paying out of pocket for any necessary services. The third solution is a so-called religious collective, a non-profit, cost-sharing program aimed at conservative, evangelical Christians.

Puckrein Urges HHS To Ensure Equality In ACA Health Benefits.

Gary Puckrein, the founder and President of the National Minority Quality Forum, urges HHS to ensure that the Affordable Care Act's essential health benefits account for the heterogeneity of the American people and lower inequalities in medical care in a post for the Huffington Post (1/9) blog. He explains, "When health plans respond to the needs and preferences of all consumers, disparities can be erased and real waste reduced." Puckrein concludes, "Americans voted to extend access to quality health care. We did not vote for structured inequalities."

Georgia Lawmakers Debating Renewing "Bed Tax" To Fund Medicaid.

The Atlanta Journal-Constitution (1/9, Williams) reports that "Georgia hospitals have agreed among themselves to support the extension of a special fee that bolsters the state's massive Medicaid program," known widely as the "bed tax." The tax, in which hospitals "pay a percentage of their total revenue ... enables the state to draw more than $500 million in new federal matching dollars to aid hospitals that care for large numbers of low-income patients." However, these hospitals "face a potentially larger battle - garnering the support of conservative lawmakers who balk at the idea of renewing taxes of any kind." Still, "even lawmakers opposed to increasing or creating new taxes say ending the hospital fee would be too devastating to Georgia's health care system."

CMS Paid Out $1.2B In EHR-Use Incentives Last Month.

Modern Healthcare (1/9, Conn, Subscription Publication) reports, "The CMS estimates it paid out a record $1.2 billion in December as hospitals, physicians and other professionals filed a flood of claims for Medicare and Medicaid electronic health-record system incentive payments." Modern Healthcare adds, "For the month of December, Medicare paid out $175 million and Medicaid paid $80 million in EHR-use incentives to physicians and other professionals, while Medicare and Medicaid paid $1 billion to hospitals, according to CMS estimates. The December payments pushed the total estimated payouts since the start of the EHR incentive programs, created by the American Recovery and Reinvestment Act of 2009, to $10.3 billion," said Robert Anthony of the CMS' Office of eHealth Standards and Services in remarks made before the Health Information Technology Policy Committee.

Public Health and Private Healthcare Systems

California Commissioner Calls Anthem Rate Increase "Unreasonable."

The Los Angeles Times (1/9, Terhune) reports, "California's insurance commissioner said an 11% rate increase for small businesses by Anthem Blue Cross is 'unreasonable' because the company overstated its costs and improperly added fees related to the federal healthcare law." Commissioner Dave Jones stated that Anthem's California profits were excessive, and also "said it was unlawful for Anthem to impose fees on customers this year that are not collected by the federal government until 2014." Anthem stated that increases are warranted to cover rising medical costs. The two sides also disagreed over how many customers would be affected and what the average increase is. Anthem said 52,396 customers would be affected by an average increase of 6.5 percent, but California officials said 284,000 people would be affected by an increase averaging 10.6 percent. California has a ballot measure for 2014 that would give the commissioner "the power to reject unreasonable rate increases for health insurance," a power he currently lacks.

Bloomberg News (1/9, Edney) adds that WellPoint, Anthem's parent company, "plans to proceed with the rate increase." Bloomberg notes, "WellPoint overstated future medical use and cost trends and shouldn't have included next year's fees as justification for the increase, Jones said." The Affordable Care Act created a sales tax on insurers that is expected to raise $8 billion in 2014.

In a separate but related story, the Los Angeles Times (1/9, Terhune) notes that Jones had praise for UnitedHealth and "said...the nation's largest health insurer, agreed to reduce rates for small businesses nearly 6%, on average, after the insurance department questioned its initial rate filing." Jones said the company was "responsive to their small-business customers" while "Anthem Blue Cross told me regardless of my conclusion they were increasing their rates."

In her blog for the Sacramento (CA) Business Journal (1/9, Robertson, Subscription Publication) Kathy Robertson writes that Anthem is not the only insurance company planning on raising rates. "Rate filings on the California Department of Insurance website show 15 filings that affect either individuals or small employers over the first four months of 2013," according to Robertson. Two hikes are planned by Anthem with "13 hikes by a variety of plans that also include Blue Shield of California, Health Net, Aetna and Kaiser Permanente." Robertson adds, "The proposed increases run as high as an average of 16.1 percent for a very small group of small employers covered by Health Net and 26 percent for more than 340,000 individual members covered by Anthem Blue Cross." The California Association of Health Plans says that costs pressures on premiums outpaces inflation.

Health Insurance Premiums Rise Nationwide. NBC Nightly News (1/8, story 7, 2:20, Williams) reported, "Now to an unwelcome surprise for millions of Americans this new year, health insurance premiums that are causing sticker shock, double-digit increases in some places, suddenly a whole lot of families are watching this happen in the era of the so-called Affordable Care Act, better known as Obamacare." NBC (Myers) added, "Some insurance companies in California including Anthem Blue Cross, Aetna and Blue Shield of California are proposing rate increases of 20% or more for some individual customers. ... And it's not just California. In Florida

and Ohio, insurers have instituted double-digit rate increases. New York, which unlike California has power to roll back rates, has generally held increases below 10%. Overall, medical costs are projected to rise only 7.5% this year, so some experts are puzzled by the double-digit premium increases, and question whether it has something to do with the Obamacare law, which will bring big changes next year."

Columnist Warns Of Rising Insurance Cost Leading To ACA "Death Spiral." In the "Beltway Confidential" column for the Washington Examiner, (1/9, Klein) Philip Klein writes that the increases are "completely unsurprising to critics of President Obama's national health care law." Klein cites a New York Times story about the hikes saying, despite one objective of the ACA being to stem rising insurance costs, "The *Times* story heavily suggests that the problem is that Obamacare didn't give federal regulators enough power to outright reject rate increases deemed too high," according to Klein. He also points to the "medical loss ratio" as a problem saying it "creates an incentive for insurers to hike premiums by reducing their profit margins on any given policy." Klein also writes that if insurance rates continue to go up, more Americans, specifically younger, healthier ones, will choose to pay the tax penalty rather than buy insurance, meaning "insurers would have to raise premiums even more to subsidize the expenses of the sicker beneficiaries they must cover under the law."

Cigna Planning To Unload Death-Benefits Unit.

Bloomberg News (1/9, Damouni, Nussbaum) reports, "Cigna Corp. (CI), the third-biggest U.S. health insurer, is ready to unload its death-benefits unit and could make a deal as soon as this year, Chief Executive Officer David Cordani said." The unit has not taken any new business since 2001 and "has been a drag on Cigna's stock because of the risk inherent in policies whose costs shift based on fluctuating interest rates, said Brian Wright, a Monness Crespi Hardt & Co. Analyst." Wright also stated that Cigna may have to pay somebody to take the unit which "has 475,000 annuity contracts and $1.7 billion in reserves." The insurer's stock would probably benefit once the liabilities were gone, according to Wright.

Five Insurers Sign On To Participate In Connecticut Exchange.

Kaiser Health News (1/9, Galewitz) reports, "Five health plans - including all the major insurers in the state's individual and small group markets - have told Connecticut's health insurance exchange that they plan to offer policies in the state's new online marketplace this fall." Officials said Monday that "Aetna, United Healthcare, Anthem, ConnectiCare and a new nonprofit co-op owned by the Connecticut State Medical Society have filed letters of intent to sell coverage." Enrollment in the exchange, set up under the Affordable Care Act, will begin October 1; coverage is to start January 1, 2014. According to the article, "Connecticut, long known as the nation's insurance capital, is among the first states with a deadline for insurers to say whether they will participate."

Also in the News

Corporation With Medicaid Contract Donates To Obama's Inauguration.

USA Today (1/9, Schouten) reports that although "a long-standing U.S. law bars federal contractors from spending to influence presidential and congressional elections," there are "few limits...imposed on post-election fundraising to pay for swearing-in festivities." And while President Obama "refus[ed] corporate money for his first inauguration," he "reversed course last month and has taken donations from seven corporations, according to a list the inaugural committee recently posted to its website." One donor, Centene Corporation, "manages health insurance programs for more than a dozen states," including Medicaid and CHIP, and "stands to benefit financially" from the expansion of these programs under President Obama's healthcare law.

The Los Angeles Times (1/9, Gold) reports, "In a note posted on the company's website two days after the Nov. 6 election, Centene Chief Executive Michael Neidorff said the corporation is 'bipartisan' and wished Obama and his administration 'health and success.'" He added, "It appears our stock has received a nice boost from the election results but that could change in a moment's notice."

Some Private Healthcare Results Show Profit Motive At Odds With Social Goals.

Under the headline, "Health Care And Profits, A Poor Mix," the New York Times (1/9, B1, Porter, Subscription Publication) reports on the front page of its Business Day section, "Our track record suggests that handing over responsibility for social goals to private enterprise is providing us with social goods of lower quality, distributed more inequitably and at a higher cost than if government delivered

or paid for them directly. ... From the high administrative costs incurred by health insurers to screen out sick patients to the array of expensive treatments prescribed by doctors who earn more money for every treatment they provide, our private health care industry provides perhaps the clearest illustration of how the profit motive can send incentives astray."

Group Works To Coordinate Benefits For Doubly Insured Youths.

An NPR (1/8) "Health" blog reports Young Invincibles, "an advocacy group for young people, is beginning to work with the National Association of Insurance Commissioners to update a model regulation that addresses the coordination of benefits problem for young people with more than one insurance plan," says the group's director Jen Mishory. "Without clear rules that spell out which plan takes the lead regarding provider networks, a young person who lives out of state and is covered by his parents' plan and a college health plan, say, or by health insurance through his job, might run into trouble trying to get in-network care when far from his parents' regional network," meaning that the young person would have to pay for a bigger share of the costs. "Working with the NAIC, Young Invincibles is trying to figure out 'how we can coordinate those benefits so that everyone knows what their rights are, and help consumers access their benefits most affordably,' says Mishory."

Tuesday's Lead Stories

- **Sebelius Meets With Florida Governor To Discuss ACA Implementation.**
- **Otter Won't Expand Medicaid In Idaho, Plans To Study Issue For A Year.**
- **Florida Proposes "Diagnosis-Related Group" Payment Model For Medicaid.**
- **Judge Rejects Request To Nullify Kansas Abortion Law.**