



### **The latest on health reform from Humana**

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The week after

Since the President's Bipartisan Health Care Summit last week, there's been a lot of discussion about what will happen next. House Speaker Nancy Pelosi is working on changes to the reform bill passed by the Senate to make it acceptable to the House. She says it will be ready "in a matter of days."

President Obama also is preparing a new version of his proposal, which he says incorporates some Republican suggestions. "It is time for those of us in Washington to live up to our responsibilities...So let's get this done," he said in his [weekly radio and Internet address](#). White House press secretary Robert Gibbs said the President probably will unveil his new proposal on Wednesday. He will also unveil his strategy for getting a reform bill passed.

Republicans have made it clear that no approach will be acceptable to them besides starting "with a blank sheet of paper." And Democrats have made it just as clear that they are not going to start over.

So that means Democrats will have to pass a reform bill on their own, and no one knows if the votes will be there. The counting will begin this week. In the House, Democrats from conservative districts will be asked to support an approach with a scope and costs they may not agree with, and risk losing their seats as well. At the other end of the Democratic spectrum, House liberals would have to accept changes the Senate made to their bill that they believe weakened it.

Meanwhile, Senate Democrats would have to decide to use the budget reconciliation process to pass the final pieces of a bill - a strategy referred to last summer as "the nuclear option." Some Democratic senators who favor the reforms still oppose bypassing the Senate's usual way of doing business to pass such major legislation. As Sen. Lamar Alexander, R-Tenn., explained on Sunday, "It would really be the end of the United States Senate as a...place where you have to get consensus instead of just a partisan majority." Senators take great pride in being members of what they call "the world's most deliberative body."

But there are two other problems with using reconciliation to pass a comprehensive reform bill. First, Sen. Ken Conrad, D-N.D., who chairs the budget committee, which has jurisdiction over the reconciliation process, stunned Democrats on Sunday when he said the process "will not work" anyway because Senate rules limit how it can be used.

And then there's another risk, as Sen. Alexander pointed out: "It would be a political kamikaze mission for the Democratic Party if they jam this through."

From tiresome talking points to substantive wonk talk

The day of the President's six hour and 22-minute Bipartisan Health Care Summit, presidential historian Douglas Brinkley told CNN that "only the infirm or unemployed could have possibly sat home and watched it all. What everybody will see tonight on news broadcasts," he said, "are the sparks of tension between Obama and McCain. It's like the 2008 election never ended."

He was right that the Obama-McCain exchange was what most people saw. Sen. John McCain, R-Ariz., criticized President Obama for the lack of transparency in his presidency, for the special deals given to some states in the Senate health care bill, and for going back on his campaign promise to change the way business is done in Washington. Obama shot back, "Let me just make this point, John, because we're not campaigning anymore. The election is over."

But the day was really more interesting than that moment. In his opening remarks, the President had said his goal was to find some areas of commonality between Republican and Democrat ideas. "When I look at the ideas out there," he said, "there's some overlap." But he also admitted he didn't know if the "gaps can be bridged."

He divided the day's conversation into four sets of issues: "How do we lower costs for families and small businesses? How do we make sure the insurance market works for people? How do we make sure that we are dealing with long-term deficits? How do we make sure people who don't have coverage can get coverage?"

At the end of the day, he concluded Republicans and Democrats agreed that:

- "We need some insurance market reforms"
- Small businesses and individuals ought to be able to increase their purchasing power by joining together into large groups
- There should be a way to purchase health insurance across state lines
- Although "historically Democrats have been more resistant" to limits on medical malpractice damages for pain and suffering, the President was willing to consider incentives for state-based programs

After the summit, Senate Minority Leader Mitch McConnell, R-Ky., said he was pleased that the "majority conceded that there were plenty of good Republican ideas." He also said, however, "I am discouraged by the outcome. It's clear the majority and President want to continue with the Senate bill."

All day, Republicans had urged him to put aside the bills that had been passed and start over with a step-by-step approach. Sen. Lamar Alexander, R-Tenn., who was the first Republican to speak, said the United States is such a big, complicated country that Republicans "have come to the conclusion we don't do comprehensive well."

But as a White House blog said after the session, "While the President appreciated the participation and input of everyone involved, he doesn't think we can just scrap a year's worth of work and start over. The millions of Americans that are suffering can't afford another year-long debate."

So part of the conversation at the summit was about the Democrats continuing with their plan to try to pass their bill using the budget reconciliation process. In fact, President Obama ended the summit by saying that if Republicans wouldn't work with Democrats on their bill, he anticipated there would be "a lot of fighting over procedures moving forward" - meaning the reconciliation process. Earlier, Sen. McCain had said that he believed using the reconciliation process to pass such an important bill "could deal a fatal blow to the unique aspect of the U.S. Senate" and "could harm the future of our country and our institution."

Medicare Advantage was also one of the topics of discussion, with the President, Vice President Joe Biden and others saying that Medicare Advantage had been born of the belief that the private sector could deliver better care at a lower cost than original Medicare. As justification for cutting Medicare Advantage as a way to finance reforms, the President twice said that he had not seen an independent study that showed any greater benefit to patients or the government for the extra 14 percent cost. He agreed with Sen. McCain that the 800,000 Florida residents who had been shielded from Medicare Advantage cuts in the Senate bill should be treated the same as seniors in other states.

All day long, there was criticism of health insurers and the health insurance industry. Rep. John Dingell, D-Mich., said, "I am always surprised when I find someone defending insurance companies after all the terrible things they do." House Speaker Nancy Pelosi, D-Calif., said, "The insurance industry, left to its own devices, has behaved shamefully."

Rep. Jay Rockefeller, D-W. Va., compared the industry to "the shark that swims just below the water, and you don't see that shark until you feel the teeth of that shark." He said, "They're terrible. They're in it for the money...They are looking for reasons to kick people out. They are looking for reasons if you already have health insurance for doing the rescissions. Often employees are incentivized financially to find reasons to kick people off the insurance...They can do what they want, and they do...and it makes me sick...This is a

rapacious industry."

After the meeting ended, House Majority Leader Steny Hoyer, D-Md., told reporters that he couldn't remember a President of the United States ever "sitting in a room for six hours" talking with members of Congress about any issue. Senate Majority Leader Harry Reid, D-Nev., left Blair House, where the meeting was held, praising the President, too. He called Obama "the most patient man on Earth."

TV analysts and pundits, however, were quick to write off the summit as "political theater" and "a TV spectacle." Politico called it "dull" - "seven thick hours of substantive policy discussion, preening, and low-grade political clashes" - and declared "no clear winner." The New York Times concluded that President Obama "had not won over any of the Republicans" and that "it was unclear if the event had won over any House Democrats who opposed the bill in November, and whose support could be critical to reviving it." Doc fix and COBRA extension getting fixed?

The Senate began debate this week on a new jobs bill. The bill includes several health-related provisions, including the following:

- A ten-month extension of the eligibility period for premium subsidies for COBRA continuation coverage and state continuation coverage for unemployed people
- A seven-month Medicare physician payment fix, which would return physician payment rates to their 2009 levels through September

Starting March 1, doctors got a 21 percent cut in their reimbursements from Medicare because of a federal law that bases physician payments on certain economic factors. Since 2003, Congress has fairly routinely waived such cuts. CMS, the agency with jurisdiction over Medicare, said all reimbursements submitted by physicians will be held for 10 business days, beginning Monday, to give Congress time to act and reset payments retroactively.

Doctors have been urging Congress to make a permanent payment fix this year as part of health reform. Both Democrats and Republicans agree a permanent fix should be made. Their belief is that many doctors will refuse to see new Medicare patients - or will limit the number they see - if payment is so low. The problem has been coming up with a way to pay for it.

This bill is expected to be on the Senate floor for most of this week.

House votes on anti-trust exemption

A bill to repeal the health insurance industry's anti-trust exemption took a step forward last Wednesday, as House members overwhelmingly approved the measure, allowing Democrats to claim at least a small victory on the day before President Obama's health reform summit.

House members voted 406-19 in favor of the Health Insurance Industry Fair Competition Act, introduced by Reps. Thomas Perriello, D-Va., and Betsy Markey, D-Colo. The bill would remove anti-trust protections for health insurers enacted in the McCarran-Ferguson Act of 1945, but would not do the same for medical malpractice carriers. The Senate has not taken up the measure.

While the bill received votes from both sides of the aisle, Democrats and Republicans still disagreed on its effect. Democrats say it would increase competition, but many Republicans doubted it would have much practical impact.

"This industry has enjoyed a big giveaway for far too long, and it's about time that it plays by the same rules as everyone else," said Rep. Louise Slaughter, D-N.Y., chair of the House Rules Committee. Earlier, the White House Office of Management and Budget issued a [statement](#) saying "this bill will benefit the American health-care consumer by ensuring that competition has a prominent role in reforming health insurance markets throughout the nation."

"There's no evidence that the exemption has increased health insurers' prices or profits," countered Rep. James Sensenbrenner, R-Wis.; and Rep. Dan Lungren, R-Calif., went a step further, saying the legislation "will have precisely the opposite effect of its stated intention" because it would prevent insurers from sharing historical data that helps them accurately price plans. Rep. Lungren offered an amendment that would have preserved the ability to share data, but it was rejected by the House Rules Committee and never

made it to the House floor.

"In attempting to solve a problem that doesn't exist, this legislation is the triumph of sound bites over substance," said Karen Ignagni, president and CEO of America's Health Insurance Plans (AHIP) in a [statement](#) released Wednesday. In an earlier letter to congressional leaders, she wrote, "The claim that McCarran-Ferguson allows insurers to engage in practices such as price fixing, market allocation, and bid rigging is incorrect and the types of activities the legislation proposes to address already are subject to federal and state antitrust laws."

The nonpartisan Congressional Budget Office (CBO) drew a similar conclusion in its [analysis](#) of the House health reform bill, passed last fall. The CBO found that repealing the anti-trust exemption "would have no significant effects on either the federal budget or the premiums that private insurers charged for health insurance."

For more on the anti-trust exemption, read this [backgrounder](#) from Kaiser Health News.

Wellpoint CEO in the hot seat, others may follow

The CEO of the nation's largest health insurer, WellPoint, defended recently announced premium increases in testimony before the House Energy and Commerce Committee last week. WellPoint has drawn fire for attempting to increase premiums on individual health plans in California by up to 39 percent. Facing mounting pressure, the company agreed to delay the rate hikes for two months - until May 1 - but that wasn't enough to fend off a congressional hearing.

The Energy and Commerce chairman, Rep. Henry Waxman, D-Calif., said the insurer paid 39 executives more than \$1 million each in 2008. "Corporate executives at WellPoint are thriving, but its policyholders are paying the price," Waxman said.

The committee also heard from a panel of WellPoint policyholders such as Lauren Meister, who testified that her premiums have risen by hundreds of dollars, but a pre-existing condition keeps her from switching insurers. "My issue with Anthem is shared by many, and is just a symptom of an unhealthy, broken system," she said.

"Raising our premiums was not something we wanted to do, but we believe this was the most prudent choice," WellPoint CEO Angela Braly told the committee. "All health insurers are in the same position, and even with this increase, our company's premiums remain quite competitive."

"Insurers are among the least profitable part of the health care system, and the part that helps in the most meaningful way to reduce health care costs," added Braly. "Insurance industry margins are dwarfed by the margins of others in health care...The elephant in the room is the growth of health care spending. Despite the attention we've garnered in this debate, we are the tail of the elephant, and we need to address the elephant."

The hearing played out one day before the President's health reform summit, and on the same day, leaders of the Senate Finance Committee sent letters to WellPoint and five other health insurers that operate in California. The [letters](#) from committee chair Max Baucus, D-Mont., and ranking member Charles Grassely, R-Iowa, seek information on premium increases in the individual health insurance market.