

Scott Cornelius

From: Blue Cross and Blue Shield of Oklahoma [noreply@bcbsok.com]
Sent: Monday, October 26, 2009 1:15 PM
To: info@eci-agency.com
Subject: Health Care Reform Bulletin Oct. 26, 2009

This message contains graphics. If you do not see the graphics, [click here to view](#).

**HCSC GOVERNMENT RELATIONS HEALTH CARE REFORM BULLETIN**

Oct. 26, 2009: This Week in Health Reform

Federal Legislative Overview**Senate**

Senate Majority Leader Harry Reid (D-NV) and Senators Max Baucus (D-MT) and Christopher Dodd (D-CT) continue to meet daily with White House officials to merge both the Health, Education, Labor and Pensions (HELP) and Finance Committees' health care reform bills into one piece of legislation. The group was aiming to release the merged bill by Thursday, October 22nd, but with highly contentious issues such as whether or not to include a government-run health plan, the bill's cost and which specific financing provisions should come to the floor, it will likely not be released until the week of October 26th. At that point, the merged bill will be sent to the Congressional Budget Office (CBO) for scoring, after which the bill will be sent to the Senate floor - either the first or second week of November. Moderate Senators like Olympia Snowe (R-ME) and Ben Nelson (D-NE) have been instrumental in deciding what should be accepted in a melded bill.

In what could serve as a signal to a much larger vote on health care reform legislation in the upcoming months, the Senate this week rejected a bill (S.1776) by 47-53 to permanently rectify the Medicare physician payment structure at a cost of \$245 billion over ten years. The formula in current law that expires this year requires a twenty-one percent cut in Medicare payments to physicians in the year 2010, going up in subsequent years. All Republicans voted against the bill, in addition to twelve Democrats and two Independents.

House

House Democrats continue to sort out the status of the public option's inclusion in the House's health care reform legislation. Differing reports have been flying around the Capitol this week.

Some have said there is enough support for a "robust" public option - tying provider reimbursement to Medicare rates - and other reports have stated that "lesser" versions of the public option - allowing providers to negotiate reimbursement rates - is more favorable. It remains to be seen whether Speaker Pelosi (D-CA) has a House majority of 218 votes in favor of this being included in the final bill.

Either way, Pelosi stated her intentions for introducing a fully merged health care reform bill on the House floor next week, with the intentions of passing it by Thanksgiving. Whether or not the House decides to pass its legislation ahead of the Senate remains to be seen.

Overview: PricewaterhouseCoopers and Oliver Wyman, Inc. Reports - Actual Cost Impact of Health Care Reform Provisions

Insurance industry leaders, America's Health Insurance Plans (AHIP) and the Blue Cross and Blue Shield Association (BCBSA), both released reports showing the cost impact of proposed individual and small group market reforms contained in the Senate Finance Committee legislation.

AHIP's report, by PricewaterhouseCoopers (PwC), states that several major provisions in the current legislative proposal will cause health care costs to increase far faster and higher than they would under the current system. The report finds that the health care reform proposal "will increase premiums above what they would increase under the current system for both individual and family coverage in all four market segments for every year from 2010-2019." The BCBSA study by Oliver Wyman, Inc. goes a bit further and takes into account more key elements from the Senate Finance Committee than did the AHIP study.

Wyman's report - *"Insurance Reforms Must Include a Strong Individual Mandate and Other Key Provisions to Ensure Affordability"* - also finds that many provisions in the pending health care reform bills would have the unintended consequence of increasing premiums and making coverage unaffordable for millions of people.

The report is designed to advance workable healthcare reform legislation by making sure policymakers understand the impact on premiums if pending reforms, including a weak individual mandate, tight age rating bands and high minimum benefit levels, are enacted.

The report includes the following key findings:

Oliver Wyman, Inc. Findings: Individual Market

- A strong individual mandate is essential to make insurance reforms work and to prevent significant premium increases that would result in more uninsured.
- Appropriate minimum benefit requirements and age discounts are also critical to assuring reforms work.
- Adequate subsidies help participation, but are insufficient to drive effective coverage levels - both a strong personal responsibility requirement and subsidies are needed.
- The impact of reform on the individual market will vary significantly by geography.
- People with existing individual coverage may not see significant impacts.

Oliver Wyman, Inc. Findings: Small Group Market

Under pending reform bills, small group employers (2-50 employees) will experience rating changes similar to those proposed for the individual market. Key findings for the small group market include:

- Average premiums for small employers will increase.
- Overall, the number of small employers offering coverage will decline.

The Wyman and the PwC reports can be found at: <http://www.americanhealthsolution.org/blog/>

Overview: CMS Office of the Actuary Releases "Estimated Financial Effects of the America's Affordable Health Choices Act of 2009' (H.R. 3200) as Reported by the Ways and Means Committee

Last week, the Chief Actuary of the Centers for Medicare & Medicaid Services (CMS) analyzed the estimated financial effects of the House Ways and Means Committee's health care reform legislation.

The report stated that the cost of the nation's health care overhaul would increase under new legislation currently being considered in the House of Representatives. More specifically, the research finds that national health care spending would increase by close to two percent over ten years. That increase is found to be mainly due to the newly insured seeking medical care in the health care system.

The full CMS report can be found using this link:

http://www.politico.com/static/PPM145_091021_fratesmemo.html



Fan us
on Facebook

Follow us
on Twitter

Wellness
Videos

This newsletter is a general discussion only and it not a representation of all coverage options, plans or benefits. Your contract governs eligibility, coverage, exclusions and available benefits. Rates mentioned are subject to change.

Copyright © 2009 Blue Cross and Blue Shield of Oklahoma. All rights reserved.
® Registered Marks Blue Cross and Blue Shield Association.

Blue Cross and Blue Shield of Oklahoma is a Division of Health Care Service Corporation, a Mutual Legal Reserve Company, an Independent Licensee of the Blue Cross and Blue Shield Association.

1215 S. Boulder, Tulsa, OK

[Legal Disclaimer](#) | [Privacy Statement](#) | [Code of Conduct](#) | [Unsubscribe](#)

