**INSURERS**  
Rebecca Vesely

**Renouncing rescissions**

**Insurers stop practice, but critics call it a PR move**

Consumer groups are hopeful that health insurers will continue to implement aspects of the new federal health reform law ahead of schedule, and the industry said it is evaluating the provisions on a case-by-case basis.

This past weekend, major health insurers ended the practice of retroactively canceling individuals’ policies after they fall ill—four months before a federal ban on the practice takes effect.

Called “rescissions,” the practice has been a dark stain on the industry and was outlawed in the Patient Protection and Affordable Care Act, effective Sept. 1. Amid fresh reports that rescissions were continuing, and an outcry from members of Congress, major insurers announced last week that, as of May, plans would no longer conduct rescissions.

Insurers have also agreed to begin allowing young adults up to age 26 to stay on their parents’ health insurance policies right away—another of the law’s provisions that goes into effect in September.

In an e-mailed statement, Robert Zirkelbach, spokesman for America’s Health Insurance Plans, representing virtually all health insurers nationwide, said the group’s “members are pleased to be able to implement some new reforms ahead of schedule, and we will continue to look for other opportunities to implement the new reforms in a manner that will minimize disruption and provide greater peace of mind for the more than 200 million people we serve.”

“It’s a step in the right direction,” said Anthony Wright, executive director of Health Access, a California-based consumer group. “We want insurers to do other things in the health reform act early, too, like providing maternity coverage and a basic benefit package.”

Wright added that he’s not overly optimistic.

“We’re not holding our breath,” he said.

In truth, because of intense public scrutiny and penalties in recent years, rescissions today are rare. “It is a public relations announcement because insurers had already largely stopped doing this,” Wright said. Still, banning rescissions is necessary, he added. “We feared that once the spotlight drifted away, they would start doing it again.”

WellPoint, UnitedHealth Group and Cigna Corp. all said last week they would stop rescissions, while other insurers, such as Humana and Kaiser Permanente, said company policies are already in line with the new health reform law’s provisions.

In a letter to Democratic House leaders, Karen Ignagni, president and CEO of AHIP, wrote that members would comply with the reform law’s rescission standards starting in

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**LABOR**  
Shawn Rhea

**A field of one**

**Henry emerges as likely successor to Stern at SEIU**

Hospital associations and many chapters of the Service Employees International Union remained tight-lipped after word that Mary Kay Henry is poised to take over leadership after a rival candidate ended her own bid for the position.

At least one labor attorney who has frequently engaged in contract negotiations with the SEIU said, however, that the development should bode well for healthcare employers and workers given Henry’s intimate knowledge of the industry as the union’s executive vice president involved in healthcare.

The union also represents property-service employees and government workers, but more than half of the SEIU’s 2.2 million members are healthcare workers.

“She’s a known entity, and that’s important given all the changes that are in the works under healthcare reform,” said G. Roger King, a partner at Jones Day. He described Henry as someone “employers will be able to work with” on reaching labor contracts.

News of Henry’s impending leadership came late last week after release of an e-mail sent to the union’s executive board by SEIU International Secretary-Treasurer Anna Burger announcing she was ending her own bid for the top spot. “I am writing to you today to let you know while I would have treasured the opportunity to serve as SEIU president, I am withdrawing my candidacy,” Burger wrote.

It has been widely known that Burger was the choice of exiting SEIU President Andy Stern to take over leadership of the organization. The union doubled its membership during Stern’s 14-year stint, but the departing president garnered his share of critics. Many have faulted him for a rift between the healthcare worker membership in Northern California and the subsequent creation of a rival union called the National Union of Healthcare Workers (April 19, p. 10).

The NUHW, led by former SEIU-United Health Workers West President Sal Rosselli, is locked in a membership battle with the SEIU for healthcare workers in Northern California. Some observers believe that conflict and other
May. “We have been actively reviewing and discussing the rescission provisions since the law was enacted and are pleased to be able to implement this reform ahead of schedule as well,” Ignagni wrote in the letter dated April 28.

The issue gained traction last week when Reuters reported that WellPoint, the nation’s largest insurer by membership, was targeting breast cancer patients for rescissions—a claim denied by the Indianapolis-based company.

WellPoint was first to announce it would stop rescissions ahead of the law’s deadline, and competitors quickly followed suit. Under the health law, insurers can drop members only if they commit fraud or willfully misrepresent themselves on their applications for coverage.

“Rescissions, while rarely used, are one process insurers employ to reduce fraud and protect members,” Angela Braly, CEO of WellPoint, said on an investor call on April 28. “We welcome greater uniformity among insurers in this area. We think our announcement will go a long way towards bringing greater clarity.”

The moves were welcomed by the Obama administration. “The days when insurers can drop coverage when patients get sick are coming to an end, but insurers don’t need to wait to do the right thing,” said Kathleen Sebelius, HHS secretary, in a written statement. “Americans need to be secure in knowing that their health care will be there when they need it most.”

Democratic leaders in Congress held up the insurers as an example for others to follow. “There is a lesson to be learned here,” said House Ways and Means Committee Chairman Sander Levin (D-Mich.), in a written statement. “This should send a message to all involved that working to implement health insurance reform provisions seamlessly and in good faith is the best course going forward.”

In California, which has been ground zero for rescissions in recent years, Gov. Arnold Schwarzenegger took the cue. He announced last week that his administration would work to implement and enforce the reform law’s many provisions, including making sure insurers don’t illegally revoke members’ coverage.

Sebelius welcomed news that insurers were stopping rescissions ahead of the deadline.

BY THE NUMBERS

Imaging procedure costs for Medicare-covered cancer patients are rising faster than the total cost of care, according to a new study in the Journal of the American Medical Association.

Source: Journal of the American Medical Association

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<tr>
<th>Imaging cost annual growth</th>
<th>Cancer care costs</th>
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<td>10.3%</td>
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No other opponent has stepped forward to challenge Henry, and observers say she is expected to be easily confirmed. And, despite mixed reviews of Stern’s leadership, many believe Henry is likely to continue many of his initiatives.

Henry, who has helped lead the SEIU’s healthcare efforts, is poised to become the union’s next president.

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