

New Orleans Association of Health Underwriters



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News You Can Use

March 2005 Volume 4, Number 3



Health Care EXPO 2005

Wednesday, April 13, 2005

7:30am – 1:30pm

Registration, Breakfast & Exhibit Hall
begin at 7:30am; Programs starts promptly at 8am

Best Western Landmark Hotel
Metairie, LA

- 3 Hours of L&H Continuing Education Credit
- **Meet with** 30 Exhibitors from all segments of the insurance industry
- New! Closing Luncheon with CE Speaker!
- Win great door prizes! Apple iPod, Gift certificate to Emeril's NOLA Restaurant & more!

REGISTRATION:

(Includes entry into the exhibit hall, 3 Hours of CE Credit, Continental Breakfast & Closing Luncheon)

Postmarked before 3/21:

NAHU Member: \$50

Non-Member: \$60

Postmarked after 3/21:

NAHU Member: \$60

Non-Member: \$70

At the Door: \$75

Register Now!

Attendee Registration Form

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About the Expo Exhibitor Letter

Featured Speakers

Federal Legislative Developments & Issues Facing Brokers Across the Country

Trei Wild

NAHU National President

Dallas, Texas

*

Business Disability Insurance: A World of Choice, the IRS & More!

Tom Peterson

Peterson International Underwriters

Valencia, California

*

Special Luncheon Speakers:

LA Choice: The New Employer-Sponsored Solution for the Uninsured Dickie Patterson

*Louisiana Deputy Insurance Commissioner/
Director, Office of Health*

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2005 Tennis Tournament a Huge Success



The 2005 "Playing for Angles" Tennis Tournament was held the weekend of March 4 at Aurora Country Club. This year we had over 45 teams play in the tournament. The tournament raised over \$7,000 for Angels Place. A special thanks for Cindy Osborne, Immediate Past President and Robin Frick, Public Service Chairperson for working to make the event a success..



Hammond hospital links up with Humana

HAMMOND — North Oaks Health System today announced the signing of a participating provider agreement with Humana Health Benefit Plan of Louisiana Inc. to provide health care services to employees and families enrolled in Humana's commercial Preferred Provider Organization, Health Maintenance Organization, self-funded (ASO) health insurance programs and HumanaOne individual plan.

Under the participating provider agreement, members of Humana's commercial insurance plans who receive insurance coverage through



their employers will now have covered benefit access to all inpatient, outpatient, home health care, hospice and emergency services provided by the 355-bed North Oaks Medical Center and North Oaks Rehabilitation Hospital in Hammond effective March 1, 2005.

In addition, these plan members will now have access to family practice and specialty care physicians affiliated with North Oaks Health System clinics, including: North Oaks Family Medicine Clinics in Hammond and Independence and North Oaks Specialty Clinic and North Oaks PM Clinic, the latter two of which are located in Walker. The participating provider agreement also allows Humana commercial members benefit coverage through North Oaks Home Health and Hospice Agencies.

"We are pleased to welcome participants in the Humana health plans to our hospitals and medical clinics," said James E. Cathey Jr., chief executive officer of North Oaks Health System. "This agreement signifies a commitment by both organizations to provide Humana commercial members with convenient, community-wide access to the quality care and services that North Oaks Health System offers."

"As the Northshore's largest health care system, North Oaks Health System offers a comprehensive range of services that we are proud to offer our commercial members and employers," said Hassan Rifaat, M.D., President of Humana Health Benefit Plan of Louisiana, Inc. "The expansion of Humana's statewide participating hospital and physician network is a key to Humana's commitment to provide affordable health benefits to small- and mid-size employers currently facing double digit increases in health benefit costs. We are proud that we can now offer their employees access to this respected hospital system."

The addition of North Oaks Health System further strengthens Humana's statewide medical provider network that now offers members a choice of more than 81 participating hospital providers and more than 7,000 physicians throughout Louisiana.



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Panel considers consequences of removing reimportation ban on



prescription medication

WASHINGTON-Repealing the ban on prescription drug reimportation may result in lower U.S. drug prices but could have major consequences for other countries and for the research and development expenditures of drug companies, some industry observers say.

Panelists discussed the consequences of removing the ban on reimporting prescription drugs from Canada and other countries at the 17th annual National Managed Health Care Congress in Washington.

Federal legislation introduced earlier this year that would lift the ban on prescription drug reimportation has widespread bipartisan support in Congress, and several states have already begun or are considering reimportation programs.

"I think the political inevitability of removal of the ban is something we have to face," said Ron Kocher, pharmacy benefit consultant for the Irving, Texas-based Pharmaceutical Strategies Group.

There are two likely outcomes that will occur if the ban is lifted: either drug prices in other countries will increase to levels closer to U.S. prices and remove the incentive for reimportation or U.S. prices will decrease dramatically. Both scenarios, observers say, are problematic.

If drug prices in Europe, for example, rose to the levels of U.S. prices, countries such as Slovenia and Poland would be priced out of the market, said John Calfee, resident scholar at the Washington-based American Enterprise Institute for Public Policy Research.

There would also be immediate problems with drug supplies in Canada and other countries because demand from the U.S. market is greater than supplies in these countries, Mr. Calfee said.

Foreign governments would then be forced to act to prevent drug shortages, he said. "If Canada wanted to, they could prohibit the export of their drugs," Mr. Calfee said. "I think we would see the same thing in the European nations."

The pharmaceutical manufacturers also would try to prevent reimportation via no-resale contracts and supply limits, said Roger Pilon, vp for legal affairs for the Washington-based Cato Institute. If these methods failed, drug companies would try to raise prices in other countries, he said. But raising prices abroad could be difficult since foreign government officials could simply refuse to pay more for the drugs, he said. They could also utilize trade regulations that allow countries to override patents on medications in emergency situations and produce the drugs themselves, Mr. Pilon said.

The other option would be to lower prices in the United States, but the implications for R&D expenditures may be significant, observers say.

"If U.S. prices really went down, then you have to wonder what the payoff would be for researching and developing new drugs," Mr. Calfee said. "If you're going to move the U.S. market more towards the model where the payoff is quite small, are we going to continue to get the nifty drugs that are now under development?"

Americans pay more for prescription drugs because other countries have price controls, forcing the U.S. market to fund the majority of R&D expenditures, even though some European countries have the resources to pay higher drug prices, Mr. Pilon observed.

"It's not as if the poor Germans, Swiss and French can't afford to pay their fair share of research and development," he said.

Importing foreign price controls via legalized reimportation is not the answer because of the potential impact on R&D expenditures, said GERALYN Ritter, vp, international affairs, for the Washington-based Pharmaceutical Research and Manufacturers of America.

Ms. Ritter cited a report by the U.S. Department of Commerce that estimated that foreign price controls reduce R&D expenditures by between \$5 billion to \$8 billion annually.

"The free-riding syndrome is real, and Americans and the U.S. government should be mad about it," she said. "We think we need a trade policy that takes these foreign restrictions and distortions in the marketplace seriously. Foreign governments need to stop the free-riding off U.S. R&D and adopt realistic budgetary practices that don't rely on politically convenient but short-term fixes aimed at foreign imports."

Pre-trial steps for Vioxx litigation start

NEW ORLEANS (AP) — Dozens of lawyers filed into a federal courtroom in New Orleans today for a first pre-trial hearing in the federal Vioxx liability case. It starts a legal process expected to be complex, years-long and costly for the painkiller's maker, Merck and Company.

While largely procedural, the hearing is still important for Merck's attorneys and those representing the legions of plaintiffs. It gives them a first chance to make an impression with the judge, as well as to influence the timetable for the litigation.

Last month, Judge Eldon Fallon was assigned to coordinate all the pretrial motions and discovery in federal liability cases involving Vioxx, which was removed from the market last year after a study showed it increased the risk of heart attack and stroke among users. More than a thousand lawsuits have been filed.

The hearing is being held in the courthouse's largest room because so many lawyers have applied for a spot

on the plaintiff steering committee, and are expected to attend. The committee works with Merck and the judge to shape the progress of the cases, including the taking of depositions and gathering of documents for evidence.

It can help a lawyer attract more cases in the litigation, as plaintiffs seek the highest-profile lawyers with the most apparent influence.

Officials expect more than 100 lawyers to apply for the committee and believe the judge will select between eight and 14 attorneys. The deadline is later this month.

Drug industry analysts have differing estimates of Merck's potential total liability in the Vioxx cases, but they are all huge: from \$4 billion to \$30 billion.

After all the pretrial activities, the federal cases are returned to their original jurisdictions for trial. Merck had requested the cases be placed under one judge for pretrial motions so it isn't dealing with hundreds of similar cases in different courts.

Experts said that first federal case could take a year to 18 months to go to trial because the number of cases and lawyers involved slows the process.

2005 Board Nominations

The following are the nominations submitted to the board of directors.

The nominations will be voted on in the May General Meeting.

President-Elect: Sharon Hannahan

Secretary: Jennifer Toups

Treasurer: Rachel Thrash

Communications: Carmen Manzano

Education: Wayne Francingues, Jr.

Awards: Dottie Smith

Public Relations: Mort Kelly

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