HEALTH CARE: SUBCOMMITTEE EXAMINES ANTHEM INCREASES IN CA

On Wednesday, February 24, 2010, the House Energy and Commerce Subcommittee on Oversight and Investigations held a hearing on “Premium Increases by Anthem Blue Cross in the Individual Health Insurance Market.” The hearing examined proposed increases in premium rates by Anthem Blue Cross, a subsidiary of WellPoint, Inc., by as much as 39% in the individual health insurance market in California.

Witnesses were: Jeremy Arnold, Los Angeles; Julie Henriksen, Westchester; Lauren Meister, West Hollywood; Angela Braly, President and Chief Executive Officer, WellPoint, Incorporated; and Cynthia Miller, Executive Vice President, Chief Actuary, and Integration Management Officer, WellPoint, Incorporated.

In his opening statement, full Committee Chairman Henry Waxman (Los Angeles), disputed the insurance company’s arguments that rate increases were necessary due to rising medical costs and declining revenues as healthy young insureds drop coverage because of the recession. He alleged that certain documents indicate Wellpoint may have manipulated actuarial assumptions to stay within California’s requirement that at least 70 percent of premiums must go to medical care. Other members noted the absence of California’s insurance commissioner from the hearing. Rep. Michael Burgess (TX) stated that California’s insurance commission did not raise any complaint about Anthem’s proposed rate increases for several months, and questioned why that was not being investigated, as it is the commission’s job to regulate premium increases.

The individual witnesses testified on their personal experiences with Anthem. The insurance company proposed to raise Mr. Arnold’s individual premium by 38 percent this year, from $231 per month to $319 per month. Moreover, last year, his premium increased from $183 to $231 per month. So, over a little more than a year, his insurance has increased 74 percent, he said. Ms. Henriksen’s premium went up 30 percent up. She testified that she is, in effect, “held captive” by Anthem. She cannot look for coverage from another insurance company, because her child has a pre-existing
condition – a heart problem that requires annual checkups. Ms. Meister related a similar experience, with her premium being increased to 38.6 percent.

While acknowledging that the rate increases were significant, Ms. Braly of WellPoint made the following points about the rate increases, including that:

- they applied only to the individual market;
- they reflect the trend to higher medical costs due to “medical inflation” and adverse selection (the tendency of healthy, younger insureds to drop insurance coverage during an economic downturn);
- the individual market operating profit in California is estimated to be only 1.5 percent if the rates take effect March 1st; and
- an independent actuarial firm reviewed the rate increases and concluded that they were actuarially sound and the methodology was reasonable. Nevertheless, she testified, Wellpoint has agreed to defer the rate increase for two months in order to allow further review.

Ms. Braly also urged the Committee to consider several proposals as the health care reform debate continues, including promoting evidence-based medical care; aligning payment incentives for improved health outcomes; focusing on prevention and the management of chronic conditions; and providing transparency on medical errors and reform in medical malpractice laws.

For more information, go to: http://www.energycommerce.house.gov.

ENERGY: SUBCOMMITTEE DISCUSSES INNOVATION AS PATH TO GREATER ENERGY EFFICIENCY

On February 23, 2010, the Senate Commerce, Science and Transportation Subcommittee on Communications, Technology, and the Internet held a hearing on improving energy efficiency through innovation in technology and communication. Specifically, witnesses looked at innovations taken by American businesses to combine energy savings and economic growth; innovations stemming from the relationship between broadband and smart grid technologies; smart grid standards and the ways that they can help accelerate adoption of technologies that will allow for the maximization of efficient use of energy; and efforts to promote the commercialization of innovative technologies that are close to market ready.

Witnesses included: Aneesh Chopra, Chief Technology Officer, Office of Science and Technology Policy, Executive Office of the President; Dan Hesse, CEO, Sprint Nextel; Adrian Tuck, CEO, Tendril Networks Inc.; Kathrin Winkler, Chief Sustainability Officer, EMC2 Corp.; and Lorie Wigle, General Manager, Eco-Technology Program Office, Intel Corp.

According to Chairman John Kerry (MA), experts estimate that the information and communications technology industry is responsible for as much as 2.5 percent of the national carbon dioxide emissions in the United States – a percentage estimated to grow as the ICT industry grows. "The services the industry provides and the way such firms manage their own energy
use can help the other 98% of the economy dramatically reduce its carbon emissions," said Kerry in his opening statement. "Modernizing our infrastructure, setting broad operating standards and establishing market incentives are the keys to success."

More information can be found at: http://commerce.senate.gov.

**RESOURCES: FULL COMMITTEE MARKS UP CALIFORNIA LAND AND RECREATION BILLS**

On February 24, 2010, the House Natural Resources Committee marked up pending legislation, which included the following California specific bills:

- **H.R. 4252 (sponsored by Rep. Joe Baca (Rialto)):** The bill, the "Inland Empire Perchlorate Ground Water Plume Assessment Act of 2009," would direct the Secretary of the Interior to conduct a study of perchlorate and water resources in the Rialto-Colton Basin in California. The Subcommittee on Water and Power was discharged from further consideration of the bill and it was favorably reported to the full House by a voice vote.

- **H.R. 2788 (sponsored by Rep. Ken Calvert (Corona)):** The bill would designate a Distinguished Flying Cross National Memorial at the March Field Air Museum in Riverside, California. The Subcommittee on National Parks, Forests and Public Lands was discharged from further consideration of the bill and it was favorably reported to the full House by a voice vote.

- **H.R. 4192 (sponsored by Rep. Mike Thompson (St. Helena)):** To designate the Stornetta Public Lands as an Outstanding Natural Area to be administered as a part of the National Landscape Conservation System, and for other purposes. The Subcommittee on National Parks, Forests and Public Lands was discharged from further consideration of the bill. An amendment in the nature of a substitute was agreed to by voice vote, and the bill was favorably reported to the House, as amended, by voice vote.

More information can be found at: http://resourcescommittee.house.gov.

**SCIENCE AND R&D: COMMITTEE PREPARES FOR REAUTHORIZATION OF AMERICA COMPETES, DISCUSSES FY11 BUDGET REQUEST**

On February 24, 2010, the House Science and Technology Committee held a hearing on the FY 2011 budget request for science and technology research and development programs. The hearing focused on the Administration's proposed funding for federal research, development, demonstration, and commercial application programs, in particular at agencies within the jurisdiction of the Committee. The witness was John Holdren, Assistant to the President for Science and Technology, and the Director of the Office of Science and Technology Policy.

Committee Members and Dr. Holdren discussed the status of programs authorized in the 2007 America COMPETES Act, as reflected in the Administration's budget request, in preparation for reauthorization. The FY 2011 request would keep the three science agencies authorized in COMPETES – the National Science Foundation (NSF), the National Institute of Standards and Technology (NIST), and the Department of Energy's (DOE) Office of Science – on the doubling path which was enacted in 2007 and initiated through appropriations in 2009.

"Business as usual will not be enough to maintain our lead and to keep our own and the world's best talent here in the U.S., especially as other countries rapidly increase their own investments in science and technology," said Chairman Bart Gordon (TN). "These economic downturns present us with an opportunity to take a step back and think about how to innovate throughout our science and technology enterprise. We created ARPA-E in 2007 to move past business as usual in energy technology development, and, as part of the COMPETES reauthorization, we are continuing to look for ways the federal government can help foster innovation, support high-risk, high-reward research, and help get transformational technologies to the market."
This was the first in a series of hearings the Committee will be holding in the coming weeks to examine the Administration's budget request. NASA Administrator Charles F. Bolden, Jr. will appear tomorrow to discuss the budget request for NASA and Secretary Steven Chu will appear on Wednesday, March 3rd to discuss the budget request for R&D programs at the Department of Energy.

For more information, please visit: http://science.house.gov/.

**ECONOMY: WITNESSES URGE ACTION ON EMPLOYMENT**


Witnesses and the Members of the Committee discussed the severity and breadth of the job market's problems. According to both Andy Stern and Mark Zandi, with the unemployment rate at nearly 10-percent, unemployed workers are giving up looking for work, feeling there are no jobs to be had. There are now almost six unemployed workers for each available position. The average length of unemployment has risen above six months, and well over a third of the unemployed have been out of work longer than the 26 weeks that unemployment insurance normally covers.

"The unemployment statistics are bad, but they still underestimate the stress in the job market," said Zandi. "Including those working part-time because they cannot find full-time work, and those who want to work but are not counted as unemployed because they have not looked for jobs in the past month, the so-called underemployment rate jumps to almost 17-percent. This is the highest level since the Great Depression and represents 25 million Americans."

Mr. Hassett, in his testimony, stated: “Given the terrible state of the labor market, it is clear that more must be done. I would add that we should look especially to policies that are most likely to help black Americans, who have suffered the worst of the recession’s job destruction.

As we look for ideas, there really is no productive reason to re-litigate last year’s stimulus debate. In that regard, allow me to make just one point. Even if we accept the most optimistic assessments of last year’s stimulus, the cost to taxpayers per job created is in the neighborhood of $100,000 per job. Given our budget situation, it seems to me that everyone should be willing to stipulate that we have to do something, and it has to be much more cost effective than that."

Witnesses agreed that Congress should act quickly to encourage job growth and tackle unemployment. They discussed the causes and effects of the recession, the damage caused by high unemployment, the successes and failures of the first recovery plan and stimulus, and the opportunities that could be created by increased investment in job development and economic recovery.

More information and witness testimony can be found at: http://www.house.gov.

**ECONOMY: SUBCOMMITTEE DISCUSSES LESSONS LEARNED FROM STIMULUS SPENDING ON ECONOMIC DEVELOPMENT**

On February 25, 2010, the Economic Development, Public Buildings and Emergency Management Subcommittee of the House Transportation and Infrastructure Committee held a hearing on lessons learned from the stimulus legislation enacted in February 2009 and plans to strengthen economic development. Witnesses included the EDA, the Delta Regional Authority, as well as representatives from national organizations. Witnesses provided testimony on ways to improve the EDA; the use of ARRA funds in economic development; and the role of the EDA and ARRA funds in kick starting the lagging economy.
According to the Committee, the Recovery Act appropriated $150 million for the Economic Development Administration (EDA), with $50 million mandated for economic adjustment assistance. On April 22, 2009, the EDA released its Recovery Act spending plan detailing how it allocated the $150 million in Recovery Act funds among its six regions. On September 25, 2009, EDA awarded its final Recovery Act project. According to Committee records, EDA has awarded 68 grants in 37 States totaling $147 million. In a recent Committee on Transportation and Infrastructure report, EDA indicated that it had broken ground on 20 of these projects totaling over $50 million, representing about 34 percent of the amount allocated to support these investments.

One of these projects was a $4.7 million Recovery Act grant to the Santa Cruz Redevelopment Agency for a Digital Media Center. It is for a non-traditional business incubator at the Tannery Arts Center in order to stimulate construction jobs and provide long-term high-tech opportunities. The funds will be used to renovate the Tannery's Tanyard and Beam House buildings to create digital media work spaces that companies can lease. According to Mr. Charlie A. Dooley, County Executive for St. Louis County and testifying on behalf of the International Economic Development Council, “the grant boosts private investment in the Santa Cruz region by providing entrepreneurs in the digital media field with the space and technical assistance they need to grow and create new higher-skill, higher-wage job opportunities. The Digital Media Center will promote entrepreneurship and innovation and spur the development of the region's media production industry and help the region retain talent. Without EDA funding this project would not have come to fruition.”

More information can be found at: http://transportation.house.gov/.

**REPORTS: LAO RELEASES ANALYSIS OF GOVERNOR’S 2010-11 EDUCATION BUDGET**

California’s Legislative Analyst's Office has just issued its analysis of the state’s education budget in two reports: The 2010-11 Budget: Proposition 98 and K-12 Education and Higher Education.

LAO concludes that the Governor’s 2010-11 budget proposal would affect areas of education quite differently—significantly reducing funding for child care and K-12 education while augmenting funding for most higher education programs. LAO recommends that the Legislature “build a more balanced education budget.” Its budget alternative would cut child care about $100 million less than the Governor’s plan; make approximately $800 million in targeted cuts to K-12 education, with additional K-12 cuts, as needed, coming from general purpose and/or categorical funding; provide new funding for community colleges through a $14 per unit fee increase; and reduce the proposed augmentations for the state’s universities while still restoring their per-student funding rates to 2007-08 levels.


For a brief video summary on Proposition 98 and K-12 Education, go to: on the LAO Website: http://www.lao.ca.gov/webcasts/2010/analysis/education/education_022510.aspx, or for the video on YouTube, go to: http://www.youtube.com/watch?v=3WB-2FRHI9o.

For a video summary on Higher Education, go to: on the LAO Website: http://www.lao.ca.gov/webcasts/2010/analysis/highered/highered_022510.aspx, or for the video on YouTube: http://www.youtube.com/watch?v=fpY1TG7W0Vw.

**EVENTS: MAYOR VILLARAIGOSA KEYNOTES GSR LUNCH**

The Golden State Roundtable luncheon on February 22, 2010 featured Los Angeles Mayor Antonio Villaraigosa as its speaker. Several members of the California delegation attended the lunch, including Reps. Jim Costa, Dana Rohrabacher, and Jane Harmon. The Mayor, Vice Chair of the U.S.
Conference of Mayors, discussed several issues facing the city and California, including the budget deficits, open primaries, term limits, and infrastructure. He noted that public safety is a top priority and, despite budget problems, police and fire personnel will be the last ones to be cut. Los Angeles has seen a significant reduction in crime -- a 40 percent drop in violent crime -- which has benefitted tourism in LA, the Mayor said.

He lauded public-private partnerships for infrastructure development and said he is working on getting the federal government to provide guarantees to allow infrastructure investments to move forward. He also applauded Rep. Costa’s work on promoting the construction of the $30 billion high-speed rail project.

In response to a question from Rep. Rohrabacher, the Mayor said he continues to oppose further offshore drilling off California’s coast, arguing that the value of the state’s beaches and coastline goes “beyond the dollars and cents” to be gained from drilling. On the issue of protecting Delta smelt at the expense of reducing water to agricultural needs, Villaraigosa said that he is very concerned that the Endangered Species Act has been interpreted in an extreme manner that undermines the state’s ability to sustain itself.

**BRIEFINGS: USC TO BRIEF DELEGATION ON ISSUES INVOLVING CHARTER SCHOOLS**

As part of its Centennial Congressional Policy Briefing Series, the University of Southern California Rossier School of Education will host a congressional briefing on February 26, 2010 entitled *Who’s Taking Responsibility for Charter Schools?*. The briefing will be held from 10:00 a.m. - 11:30 a.m. in Room 121 Cannon House Office Building.

Charter school authorizers are the gatekeepers of quality, with the responsibility to decide which charter schools are approved, how they will be monitored and overseen, and which schools will be renewed or revoked. However, state policies vary on which organizations can serve as authorizers, ranging from local school boards and state departments of education to special authorizing boards and public universities. The briefing will address current problems and best practices in charter school authorizing, and how federal policies can strengthen the quality and performance of charters.

Panelists are:
- Priscilla Wohlstetter – Diane and MacDonald Becket Professor in Educational Policy & Director of the Center on Educational Governance at the USC Rossier School of Education
- Nelson Smith – President and CEO of the National Alliance for Public Charter Schools
- Jonas S. Chartock – Executive Director of the State University of New York Charter Schools Institute
- Nina Gilbert – Founder and Director of Ivy Preparatory Academy in Atlanta, GA.

Please RSVP to Jean Brodeur at 202-824-5860 or brodeur@usc.edu.