

## **Health Care Reform Redirected to Insurance Abuses and Reform**

**By:**

**Cherilyn G. Murer, JD, CRA**

### **Introduction**

With Congress preparing to vote on health care reform this fall, discussion of the major health care reform proposals has been dominating the news and political scene. Among the many proposals on health care reform, three main proposals are front and center amidst the debate including the Senate HELP Committee Affordable Health Choices Act, the House Tri-Committee America's Affordable Health Choices Act of 2009, and the highly anticipated Senate Finance Committee proposal.

On July 14, 2009, the House of Representatives introduced the House Tri-Committee America's Affordable Health Choices Act of 2009 (H.R. 2009). The Senate HELP Committee Affordable Choices Act was announced on June 9, 2009. As I write this article, the Senate Finance Committee is feverishly working on the creation of a bipartisan plan to address the need for comprehensive health reform in the United States.

Senate leaders across the country have been sponsoring town hall meetings to discuss health care reform. Media coverage and polls about how the American people feel about town hall meetings envelopes the nightly news and front page of every newspaper. President Obama has crisscrossed the nation to push health system reform by conducting town hall meetings.

Throughout this flurry of activity, attention has been focused on a few hot button issues including a public health insurance plan option and President Obama's new emphasis on overhauling the insurance industry.

### **Increasing Debate on Insurance Reform**

Much of the recent political debate between Republicans and Democrats related to health care reform is the feasibility of a public health insurance plan option. The private insurance industry is vehemently opposed to this option and its lobbyists contend that a government-run plan would undermine private insurers. Opposition to this option increased throughout the month of August when boisterous critics mobilized at the town hall meetings held by members of Congress home for the August recess.

The lawmakers who support a public health insurance plan option have faced scores of vocal opponents at public events. Public discourse around this issue created extreme

claims at town hall meetings including reference to socialized medicine and government-mandated euthanasia. Unfortunately, the health care reform movement has been harmed by these false claims, scare tactics, and lies.

In his August 22, 2009 weekly address, President Obama attempted to set the record straight on some of the most pervasive myths about health insurance reform while simultaneously addressing consumer protections. President Obama addressed a range of "outrageous myths" being perpetuated including illegal immigrant coverage, abortion funding with taxpayer dollars, so-called "death panels" deciding who receives treatment, and that health care reform will lead to a government takeover of health care. The Obama administration appears to have shifted gears by attempting to sell health system reform as "health insurance reform," which is a term White House officials began to use consistently in early August.

Despite the efforts to set the records straight regarding the myths, recent support for the public option has declined while stock prices of health insurance firms have been rising. Polls show the slippage in support for the public plan option, with an NBC/Wall Street Journal poll showing that 45 percent of people believe the government is likely to decide when to end medical care for the elderly, a believe perpetuated by the false allegation that Obama wants to create "death panels." Also, 55 percent polled believed the plans would cover illegal immigrants and 54 percent believed the plans would lead to a total government takeover of the health sector.

President Obama has reiterated that a public option would be just that – an option, not a requirement, for consumers. The White House believes a public option would help introduce choice and competition to the health care market. This option is only one component of health care reform. The proposed insurance reforms will also provide Americans unprecedented security and stability by prohibiting insurance companies from refusing or dropping coverage due to medical history, capping out-of-pocket expenses, and banning caps on coverage, among other consumer protections.

### **Insurance Abuses Addressed**

During President Obama's town hall meeting in Montana in August, he focused on the insurance abuses committed in the private insurance sector. Obama discussed individuals who had their insurance policies suddenly revoked, even though they were paying premiums, just because they got sick. Some of the insurance industries most notorious abuses include pre-existing condition exclusions and rescission.

As part of the new "insurance reform" strategy, on August 11, 2009 the Department of Health and Human Services released a new report, "Coverage Denied: How the Current Health Insurance System Leaves Millions Behind." In this report the U.S. Department of Health and Human Services examines the insurance industry's alleged discriminatory practices, including denying or discriminating against Americans who have pre-existing medical conditions.

The report highlights a research paper that examined 2007 health care data and concluded that over a three year period, 12.6 million non-elderly adults were denied coverage by an insurance company due to preexisting conditions. Another survey found 1 in 10 people with cancer said they could not get health coverage, and 6 percent said they lost their coverage because of their diagnosis.

The insurance company practice of denying coverage because of pre-existing conditions is not confined to serious diseases. Even minor problems such as hay fever could trigger prohibitive responses. An insurer could charge high premiums, deny coverage, or set a restriction such as denying any respiratory disease coverage to a person with hay fever, according to the report.

The HHS report also cited statistics on rescission. This is a practice in which some insurance companies respond to an expensive condition, such as cancer, by initiating a thorough review of the patient's health insurance application. If the company discovers that any medical condition, regardless of how minor, was not reported on the application, it could revoke coverage retroactively for the patient and possibly all members of the patient's family. Critics of insurance companies state that rescissions occur even if patients were not aware of their medical conditions at the time they applied. According to HHS, "At least one insurance company has been found to evaluate employee performance based in part on the amount of money an employee saved the company through rescissions."

Under Obama's health insurance reform plan, insurance companies would be prohibited from refusing coverage based on someone's medical history or health risk. Companies would have to renew any policy as long as the policyholder pays the premium in full. Insurance companies will not be allowed to refuse renewal because someone became sick. Insurance companies will be prohibited from dropping or watering down insurance coverage for those who are or become ill.

Obama's administration officials are not the only ones turning up the heat on the insurance industry as they attempt to discourage the implementation of a public insurance plan option. House Speaker Nancy Pelosi (D, Calif.) recently stated publicly that insurers are "almost immoral" and have served as "the villains" in the health system reform debate. Members of the Obama administration and Congress have also suggested that the private insurance industry has sponsored some of the disruptive anti-reform protests that gained so much publicity during the August congressional recess.

## **Conclusion**

With the congressional recess ending in mid-September, policymakers must turn the reform focus back to the core elements of health reform legislation, including health care costs and funding. It is expected that funding a healthcare reform plan will require some combination of additional revenue to offset the new costs associated with expanding universal health insurance coverage to all Americans. There will inevitably

be additional tax revenues generated in the form of new taxes or fewer tax breaks combined with savings in Medicare and Medicaid.

In late August, I had the privilege of attending a luncheon for fifty to meet with the Secretary of Health and Human Services, the Honorable Kathleen Sebelius. I had the honor of asking one of four questions taken by the Secretary regarding the status and impact of health reform. My question focused on the semantics of health reform which at this time focuses primarily on universal accessibility rather than change in uniformity of reimbursement incentives for hospitals and physicians. The Secretary was very informed and sensitive to the political and social responses to this national discussion. She indicated a need for appropriate reimbursement of primary care physicians to promote prevention of disease.

In the coming months as health care reform proposals are finalized, policy makers should refocus on funding the plan and ways to achieve maximum efficiency within the healthcare delivery system. What is now primarily under discussion is universal accessibility to health services. Even more difficult to determine, and perhaps as or more important, is the reform of the American health delivery system with accompanying restructured reimbursement. We may very well need universal coverage but we most certainly need a reform of our delivery system. A new American system must recognize and embrace technology and modify policies, procedures, and payment schemes which are not currently reflective of medical advancement and technological opportunities.

**It most certainly is a Brave New World.**

About the Author:

Cherilyn G. Murer, J.D., C.R.A. is CEO and founder of the Murer Group, a legal based healthcare management consulting firm in Joliet, IL, specializing in strategic analysis and business development. Ms. Murer may be reached at (815) 727-3355 or viewed on her web site: <http://www.murer.com>