

HEALTH CARE INSURANCE REFORM - TWO WAYS TO HELP BEND THE COST CURVE

The single most important fact - and it is a fact - about the current health care reform debate is that the status quo is unsustainable. If reform does not take place, more millions of Americans will lose their health insurance and the rest of us will continue to see our premiums rise to levels where we can only afford high deductible plans which mean we rarely seek care when we need it. Costs will continue to rise and we will have a poorer, unhealthier population which will further erode our ability to compete with other developed countries not saddled with this situation.

The forces behind the push to stall any reform, and the sources of much of the misinformation and downright lies being promulgated, are those who make money, and lots of it, by exploiting the current system.

So if we agree (and if you're still reading I guess you do) that reform is necessary, the discussion then centers on what shape this reform should take.

There seems to be general agreement that there should be more regulation of the companies providing health insurance. More of our trillions of health care dollars should go towards providing health care instead of making stockholders and CEOs richer. I see two main ways this can be done. Preventing companies from disallowing coverage because of preexisting conditions is a big one. Many people can't move to a different state or town or even change jobs because they or a spouse or child have a "preexisting" condition, and the insurance companies can be quite creative in how they define such a condition. The other is restricting the number of different plans that can be offered.

If they agree to remove preexisting conditions, the companies want an "individual mandate", i.e. everyone (or almost everyone) must purchase health insurance (some with subsidies). Without any further restrictions or competition, this will be a huge bonanza for the companies who can't wait to sign up the almost 50 million people currently without health insurance, especially the younger healthier ones. This is where the public plan option comes in. The insurance companies cry that it will give them "unfair" competition, since such a publicly-funded plan doesn't necessarily have to make a profit. It could be required for such a plan to charge premiums, make some amount of profit, etc. (nothing is cast in concrete yet); then it would provide not "unfair" but "healthy" competition. Isn't this what our market-oriented system is all about? The private insurance companies would have to find ways to cut overhead, maybe make smaller but still respectable profits, and maybe even lay off some of those employees whose only job it is to try to deny claims.

No one would be forced into the public plan, nor would it ever completely replace the private companies. In America, there will always be a market for insuring those who want care above and beyond what the basic plans offer and can afford to pay for it. No other suggested option will provide the necessary competition to the private insurance companies.

A limit to the number of types of different health insurance plans which can be offered is already

familiar to seniors on Medicare who purchase Medigap policies to pay the deductibles and copays not covered by Medicare, and all those, including our elected representatives and senators, who are covered by the federal employees plans. Only a limited number of *types* of plans can be offered, by law, in these two situations, instead of the thousands (no exaggeration) of different types of plans currently available in the private marketplace. The companies can charge whatever they want for these plans, but cannot deviate from the fixed number and types.

Implementing this restriction will have two main benefits. The first is that it would be easier for people to compare offerings from different companies - the main difference will be the cost, and maybe a few minor bells and whistles. The actual number of types of plans would have to be larger than either Medigap plans or the federal employees plans, but it could still be, at most, under a hundred, not in the thousands. This would simplify the “exchanges” being suggested to help the public buy health insurance. The second benefit would be seen in lowering the high overhead costs borne by most medical practices - the numbers of people they have to hire just to process the thousands of different types of forms required by the insurance companies for their thousands of different types of plans. My doctor’s business office is lined by shelf upon shelf of large 3-ring binders, each of which describes how to process claims for some company. This restriction could generate huge savings, and reimbursements to providers could be lower and they would still be ahead financially.

These are by no means the only aspects of reform being considered, but if just these two changes were made, we would have almost universal coverage, and at least a good start on bending the curve of costs.