

Insurers lobby for reforms

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Health insurers and agents in Louisiana are scrambling to meet with employers, vendors, and lobbyists to rally opposition to what some call a doomsday scenario: a government-run insurance plan that competes with private health plans.

Michael Reitz, chief executive officer of BlueCross BlueShield of Louisiana, said private insurers favor health-care reforms, and the federal government can do many things to lead those efforts, such as helping implement electronic medical records and squeezing out waste to encouraging higher pay for better health outcomes and wellness efforts that change Americans' behavior.

“Where we draw the line is where the government comes in and says, ‘We want a government health plan that sits alongside all the current employer-sponsored plans,’ ” Reitz said. “We think that’s a Trojan horse. We think that when you make the rules, you eventually win the game.”

A government-run plan that pays physicians and hospitals at the same levels as Medicare and Medicaid, both of which fall far short of covering the cost for care, could eliminate employer-based health plans within two to three years, Reitz said.

Everyone will shift to a government plan priced 20 percent to 30 percent lower than private plans.

The question, Reitz said, is what happens next?

Hospitals and doctors will only provide the care at the level for which they’re being paid, and a big chunk of the costs of Medicare and Medicaid is now being shifted to employers through private health plans, Reitz said. Without private plans propping up the federal plan, the U.S. health system will deteriorate, forcing people to make some difficult decisions, such as sacrificing access to quality physicians or rationing health care.

Kathleen Stoll, deputy executive director of consumer advocate Families USA, said a government plan option that would compete with private plans could increase the return on money spent on health insurance.

“If we’re talking about a level playing field of competition ... then I don’t understand what insurance companies are afraid of,” Stoll said.

By a level playing field, Stoll said she means that the public plan would not receive any more federal subsidies than private plans for enrolling low- and moderate-income members.

The public plan would have to support itself with the premium dollars its members paid, the same as a private health insurer, Stoll said.

President Barack Obama is pushing Congress to enact sweeping health legislation this year to hold down costs and provide health coverage for 50 million uninsured Americans. He and a number of Democrats say the government option would keep private insurers from overcharging.

A report by the White House Council of Economic Advisers says that for a typical family of four, income 10 years from now would be approximately \$2,600 higher in 2009 dollars if a health-care overhaul is enacted than it would be without it.

Critics of private health plans say the administrative costs of federal programs are a fraction of the cost of private insurers.

Sen. Ted Kennedy, D-Mass., has floated a plan that would require employers to contribute to workers’ insurance and make more families eligible for Medicaid. Under Kennedy’s plan, a family of four with an income of \$110,250, or five times the federal poverty level, could enroll in Medicaid.

Private health insurers have come out in support of universal coverage. The insurers say covering all Americans would allow them to better spread risk and eliminate charging people more for pre-existing conditions, an illness or injury suffered before the insurance policy was issued.

Meanwhile, the Louisiana BlueCross held meetings with vendors in Baton Rouge and New Orleans last week. Other health insurers and agents throughout the state are doing the same, as well as meeting with lobbyists, industry associations, and members of Congress, according to Gil Dupré, chief executive officer of the Louisiana Association of Health Plans.

The Washington Post has reported that the country’s five largest private insurers and the trade group America’s Health Insurance Plans spent \$6.4 million on lobbying efforts in the first quarter. That’s \$1 million more than they spent in the same period a year ago.

Kerry Drake, president and chief executive officer of Wright & Percy Insurance, said agents and their associations are sending clients talking points on the issues.

The prospect of a government-run plan that could result in even greater cost-shifting to employer-based insurance and rationing care is “kind of scary,” Drake said.

A Families USA report released Thursday found that insured families and employers paid \$42.7 billion in 2008 for uncompensated care.

That works out to a hidden tax of \$1,017 per insured family, up from \$922 in 2005, according to the report. Families USA and others cite the increasing subsidy for the uninsured as an argument in favor of universal coverage.

Erich Sternberg, president of Baton Rouge-based Always-Care Benefits, said health-care changes will create opportunities for his firm, which administers supplemental insurance coverage such as dental and vision. But Sternberg cautioned people to remember that the health-care system works in most ways; it just needs some adjustments.

Drake said he favors universal coverage, but at this point, nobody really knows what sort of changes are coming.

The problem is there have been very few details offered so far, and no one wants to address the biggest issue: cost, Drake said. Congress is going to have to find a way to pay for offering everyone health insurance.