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Welcome to the Future of Your Health Insurance. It Sucks.

November 28, 2012 by Healthcare-NOW!
Filed under Single-Payer News

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By Yves Smith for Naked Capitalism –

There have been numerous reports about the shortcomings of Obamacare which its boosters have either ignored or shouted down. And troublingly, the attitude is often "I got mine" as in "My kids are now covered under my policy" without questioning what the narrow and broader issues are.

Well, I'll tell you I got mine too. My current policy, which on paper is actually quite good, has a lifetime cap. Under the ACA, it is grandfathered and the cap is removed. And I'm still here to tell you that the future sucks. This deal enriches Big Pharma and the health insurers at the expense of the public at large. And the result of that will be a worsening of the already lousy health care system in the US. And I can give you a feel for what your future is likely to look like. It's not pretty.

Let's start with some of the inaccurate praise heaped on the ACA:

It covers the uninsured. No, it only cover some of the uninsured. The CBO scored the ACA as leaving 30 million still uninsured as of 2022.

It will cover people with preexisting conditions. Um, maybe, until you need costly care. The ACA preserved a loophole you can drive a truck through: But the bill has a giant loophole: insurers can continue to cancel policies in the case of "fraud or intentional misrepresentation" as they do now. And the bar for fraud, per established case law, is remarkably low. Forgetting to tell your insurer about a past ailment, no matter how minor, qualifies. Say you forget to tell your new insurer that you had acne or a concussion in your teen years. That will more than do.

Insurers NOW frequently go over the records of people who have costly conditions or major surgeries with a fine toothed comb looking for ways to rescind policies. For instance, in 2010, Reuters reported:

> WellPoint was using a computer algorithm that automatically targeted them and every other policyholder recently diagnosed with breast cancer. The software triggered an immediate fraud investigation, as the company searched for some pretext to drop their policies, according to government regulators and investigators.

WellPoint appears to have overstepped by using pretty much any weak excuse to rescind policies. But the low standards of the fraud out mean that there's still plenty of room to drop coverage, particularly for patients over, say, 35, who have enough of a medical history that they can easily forget a minor ailment that their insurer finds and uses to ditch them. Remember, most people who undergo a medical bankruptcy had insurance.

Your health care will be (mainly) covered. Hahaha. I know high functioning people (as in couples where both spouses had advanced degrees, and one was on the board of a major medical devices company) who've been stuck with huge hospital bills. They'd thought everything was covered, and somehow items that were in the tens of thousands (in one case, totaling $75,000) wasn't. And then there's the "out of network" problem, highlighted this weekend by a New York Times story of parents who had a baby that had trouble sleeping and the pediatricians they saw were at a loss. The doctor who specialized in that sort of problem didn't accept insurance. While he was able to help the baby, the parents had to foot all of the $650 bill.

Health insurer profit margins are capped. That is technically accurate but substantively misleading. The health insurer have been engaged in price gouging over the last two decades. Health insurers as of the early 1990s spent 95% of health care premiums on medical expenditures. They now spend less than 85%. The ACA requires them to spend 80% on health care costs. So the bill institutionalizes an egregiously fat profit margin.

Now if that doesn't sober you up, consider a few more factoids: the ACA does indeed extend insurance to a large pool of formerly uninsured, and subsidizes insurance to lower income individuals. This should increase demand for health care services. At the same time, more and more doctors are opting out of taking insured patients, largely because they can't stand the cost and hassle of fighting insurers to get paid. For instance, dermatologists want to do Botox and dermapeels, not acne. Endocrinologists are converting their practices to anti-aging. In New York City, it used to be not too difficult to find a pretty good primary physician. That is no longer true. When my old MD quit practicing (while I was overseas), the insane array of referrals I got for his replacement would make for a Woody Allen movie.

Now forgive the following discussion of my experience, but it actually sheds some light on what is likely to be in store for a lot of people.

I have what is on paper a terrific policy. My insurer is Cigna, and it's an indemnity plan, which means no network (only 2% of the plans in the US are indemnity plans). I can see anyone I want to, including overseas, including specialists without a primary physician referral. If the doctor I see is in a Cigna network, I get the network price, otherwise, the price is the rack rate. I have a $500 annual deductible and a 20% co pay on everything up to $5000 a year, and over that level is considered "major medical" so no co-pay.

Now what is wrong with this picture? Cigna used to pay like clockwork. Over the years, they have been engaging in new and creative forms of denying coverage. And I don't mean the usual nickel and diming of saying that the doctor's charge is above "necessary and customary" and dumping more of the doctor cost on me. I've gotten pretty good at fighting those over the years, but truth be told, they don't seem to think they make enough on me that way (and I'm healthy enough that with the pretty low premiums I pay, they'd still pay out less than 80% of my premiums if they just acted like grown ups and processed my claims).

So their new tricks are:

- Throwing out claims. This started about 3 years ago. I cannot think of a single piece of business mail I have sent in the past 10 years that hasn't gotten to its recipient. But Cigna now manages not to receive 25% to 30% of the claims I send them. I now record everything I send, date send and what's in the envelope, and have to call Cigna to follow up to see if they got it (yes, I could send it registered mail, but that's a half hour tax on my time every time and I don't have it to give).

- Claiming provider information is missing, such as their ID number or name. This is nearly always impossible given that the doctors either print out receipts with all that info on it or have pre-printed forms their staff fills in by hand. But they assert they don't see it on the scanned forms, so they are either misrepresenting or have a remarkably high level of scanning errors

- Claiming my policy doesn't cover stuff that it does. Because I have a New York state regulated conversion plan, they can't change the terms without

notifying the state first (to obtain approval, but it's pretty much always given) and then me, in writing. They've never done that (except for occasional rate increases or various mandated by law disclosures). But they've tried denying services that are required to be covered by New York plans by law or ones that they've paid for for over 15 years (and therefore it's clearly a policy item). And their staff now can only look see in the database for the last two years (a recent "improvement"), so the customer service reps (who are actually pretty diligent) can't find past claims in the database to substantiate my position; I have to dig through my records and send in copies.

- Saying they previously paid out on a claim when they didn't. That one is really cute. Again required having kept track.

- Saying a claim has been submitted too late. This is also cute in light of the ruses above (as in the last batch was "too late" because they'd said provider info was missing), and is a new strategy. Clearly not permitted, since they would have had to notify me in writing and failed to.

Now because I am a customer from hell and know where the New York health insurance conversion plan people are, I periodically have to write them to lower the boom on Cigna. This is super annoying and I avoid doing it till really necessary but works every time. And the New York health insurance bureau disproves all the demonization of government employees. They are smart and on the ball. The first time I contacted them about my Cigna run around, a staffer there called me back 3 times in 24 hours with questions and follow up and got after Cigna two days after that. I hardly ever get that level of service from professionals like accountants and lawyers.

This microcosm should give you some insight into the macro. I've been on my own in a "groupish" plan, which is the position many of the newly insureds will be in. You can expect insurance that is costly but doesn't cover much. The wrinkle on my policy is it is nominally cheap and in theory covers a lot but in practice I pay a lot extra by virtue of all the time I spend fighting with Cigna. The only reason I prevail is I also happen to be in a state where I both have decent legal protection and a good state office to run interference if needed. That isn't the case in a lot of states. Caveat emptor in our brave new world of health insurance exchanges.

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Tags: ACA, Affordable Care Act, Cigna, Health Insurance, Obamacare

Comments

3 Responses to "Welcome to the Future of Your Health Insurance. It Sucks."

1. *GREG* says:
December 18, 2012 at 2:28 pm

   All this is very true. Medicare For All is the 98% Group only Hope.

   Reply

2. *n turn* says:
December 18, 2012 at 8:19 pm

   I have a Cigna conversion plan…it cost me $2200 a month. I don't have any expensive aliments. Last year they paid apx $2000 for my medical expenses…that I paid $24,000 for.

   Reply

3. *rid of lobbyists* says:
December 19, 2012 at 5:20 am

   Managed Care Corps…Well Point (includes UBH, Pacificare, Blue Shield, soon will take over Tricare, military insurance…..have and will continue to be mills of paperwork to feed the managed care insurance corp. Nothing to do with patient care, I should know, been working in a psych hosp almost 12 years. It is a disgrace how little healthcare and pharmaceuticals actually cost, and how they basically financially rape the patient to receive crappy care. Our Health System Is FOR PROFIT, NOT FOR PATIENTS! REFORM!!!!!

   Reply

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