



Health insurers push back as debate heats up

Thu, Dec 3 2009

By Bernie Woodall and Susan Heavey

DETROIT/WASHINGTON (Reuters) - The health insurance industry on Thursday struck back at provisions in Congress' healthcare proposals that it said would do little to curb the nation's spiraling costs or provide people more affordable coverage.

Congress is tip-toeing toward incremental healthcare reform that does not address what insurance companies see as the major issue -- containing costs, America's Health Insurance Plans president Karen Ignagni said in a speech in Detroit on Wednesday.

"The bills before Congress settle for timid pilot programs, rather than requiring major changes; creating incentives that apply only to Medicare, rather than across the board; and establishing a new oversight body, but severely limiting its scope of review," Ignagni, a top lobbyist for the health insurance industry, told the Detroit Economic Club.

The group represents insurers such as Aetna Inc, Cigna Corp, UnitedHealth Group Inc, among others.

Her comments come as the Democrats try to make good on President Barack Obama's goal of expanding health insurance coverage to tens of millions of more Americans without adding to the nation's deficit. The Senate is debating an \$849 billion bill that, if passed, must be merged with the House of Representatives' \$1 trillion bill passed last month.

Ignagni visited Michigan, the state with the highest unemployment rate, as part of a national outreach to convince Americans of the need for lower medical costs.

Michigan, also home to the ailing U.S. auto industry, has more than 1 million people without healthcare insurance, or nearly 12 percent of its population, according to a Kaiser Family Foundation report. Nationally, about 46 million people, or about 15 percent, are uninsured in the United States where most working-age people get coverage through their employer.

True reform to cut healthcare costs has been sidetracked this year by too much emphasis on whether congressional bills will include a "public option," Ignagni said, echoing concerns heard from many others who both support and oppose the bill.

"Indeed, as far as cost containment is concerned, it's as though the house is on fire and the strategy is to rush to the scene with an eight-ounce glass of water," she said.

Democrats and other supporters acknowledge there are some areas that could be strengthened but argue the reform plans are a good first step toward reining in the nation's \$2.5 trillion healthcare sector that is growing at a rate far surpassing inflation.

The Obama administration separately on Thursday blasted an industry analysis that said the Senate bill would raise health insurance premiums for individuals and small groups that try to buy policies.

The report, released by insurance network Blue Cross Blue Shield Association, said the bill will drive more sick people who need costly treatment into the system while not enticing younger, healthier customers into the insurance pool. It will also raise costs by requiring insurers to provide more minimum benefits, it said.

Whitehouse spokesman Dan Pfeiffer, in a blog posting on the White House's website, said the study did not take a number of the bill's provisions into account, including subsidies to help people afford insurance policies as well as protections included for people to keep their current insurance plan.

"We're closer than ever before to passing meaningful health insurance reform," Pfeiffer wrote. "And you can bet as we continue to make progress, the insurance industry will continue to try and distract and misinform because they know their very profitable status quo is in grave danger."

In a separate study on Thursday, employee benefit manager Mercer said nearly two-thirds of companies would trim the health benefits they offer if final legislation includes a tax on more generous, so-called "Cadillac" health insurance plans.

Mercer, a Marsh & McLennan Companies Inc company that serves many Fortune 500 companies, surveyed 465 employers of all sizes, with 63 percent saying they would reduce benefits to avoid the tax.

Shares of major insurers have been volatile all year with health reform front and center in Washington. The sector fell more than 3 percent on Thursday on the Morgan Stanley Healthcare Payor stock index and the S&P Managed Health Care stock index.

(Reporting by Bernie Woodall in Detroit and Susan Heavey in Washington; Editing Bernard Orr)

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