

Higher Rates, More Uncertainty In Individual Health Insurance

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The following editorial appeared in the St. Louis Post-Dispatch on Friday, June 25:

When the history of health care reform is written, it may be an insurance company that gets credit for finally closing the deal.

Last February, as health reform efforts seemed terminally stalled, Anthem Blue Cross hiked premiums for individual policyholders by as much as 39 percent in California.

Anthem operates in 14 states including Missouri. It imposed double-digit rate hikes in at least 11, Illinois among them. The outrage that it spawned helped to build crucial support for reform.

This week, President Barack Obama hosted executives from a dozen major health insurance companies at the White House. He delivered a stern warning: Don't use passage of the health care reform bill as an excuse to jack up premiums.

It's a timely message.

Just a day earlier, the nonpartisan Kaiser Family Foundation had released a survey showing that nationwide, people who buy health insurance for themselves and their families on the so-called individual market _ those targeted by Anthem's rate hikes _ faced premium increases averaging 20 percent this year alone.

Insurance companies blame those higher prices on medical inflation. There's some truth to that. National health spending has increased about twice the overall rate of inflation in recent years.

But while medical inflation grew by about 40 percent between 2000 and 2008, health insurance premiums grew even faster.

Average premiums for employer-provided family coverage jumped more than 130 percent over the last decade. And that's for group insurance _ the part of the health insurance market that works best.

Premiums in the individual market likely increased even faster, judging from the 20 percent jump reported in the Kaiser survey.

We say "likely" because until the Kaiser survey, there was no easy way to tell just how large the rate hikes were. Insurance is regulated by the states _ in some cases, fairly loosely. No national data were available.

Not only did rates rise, many people who tried to get coverage found it was unavailable at any price.

One of the most surprising findings in the Kaiser study: People who buy health insurance on their own report being somewhat healthier than those who get health benefits through work.

You'd expect just the opposite. People with serious chronic illness are less likely to be able to work full-time, and thus are less likely to get health insurance through their jobs like most other Americans.

But unlike with group health insurance policies, people who buy their own coverage can be _ and often are _ turned down for having a pre-existing condition. Fewer than half the people with individual coverage surveyed by Kaiser reported that they had such a condition, compared to 52 percent of those covered by employer-provided group health insurance.

Beginning in 2014, under the new health care law, insurers won't be able to exclude adults with pre-existing conditions. The no-exclusion rules for children with pre-existing conditions go into effect this October.

Until then, however, people who buy insurance on their own and those who work at small businesses are in a uniquely vulnerable position. They deserve special protection.

In their meeting this week, Obama warned insurance executives that they'll be asked to justify excessive rate hikes. Based on what we've seen from Anthem, that is liable to take some doing.

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