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HUFF POST POLITICS

Health Insurance Industry Exposes Its Insatiable Greed

In the past few days, the health insurance industry's outrageous greed has been nakedly exposed.

After pretending for months to cooperate with the Obama administration and Democrats to secure a reasonable health reform bill, the industry's CEOs and lobbyists on Sunday double-crossed their one-time political allies by openly attacking a compromise bill crafted by Max Baucus, the conservative Montana Democratic who chairs the Senate Finance Committee. The Obama White House and the Democratic leadership in Congress were taken by surprise, and are angry at the industry's about-face on health reform.

"I'd spent a couple of hours with insurance industry folks last week, and yes I did feel blindsided," Nancy Ann DeParle, White House Office of Health Reform director, told NBC about the industry's stunt. "I did feel we were working constructively."

This could, ironically, help the reform cause, if the Democrats translate their anger at the big insurance companies into a tougher stance -- such as a stronger public option to compete with the private insurers and keep them honest with regard to profits, premium prices, and consumer neglect.

For months the Obama administration and Senate Democrats have been coddling the insurance industry giants, hoping to enlist their support for insurance reform. **Karen M. Ignagni**, president of **America's Health Insurance Plans** (AHIP), the industry trade association, has been orchestrating the industry's cooperative stance with the Democrats drafting health care legislation. The mainstream media have published glowing profiles of Ignagni, admiring her skill at coaxing the big insurance companies to try to co-opt, rather than confront, the Democrats. The media has contrasted the industry's collaborative approach with its more combative stance during the early1990s, when President Clinton sought to enact health care reform. Then, the industry was a highly visible opponent of reform from the get-go, including paying for the infamous "Harry and Louise" TV ads that helped kill the Clinton reform plan.

But since then the number of Americans without any health insurance, and the number who face bankruptcy due to sky-high insurance bills, has increased significantly. Recognizing Americans' pent-up anger, the insurance industry changed its tactics, but not its goals. What the insurance industry wants is for the federal government to require all Americans to buy private insurance and to provide subsidies to families who can't afford the premiums.

The industry has lined the pockets of the Senate Finance Committee members with huge campaign contributions in order to obtain their cooperation. Baucus, the committee chair, had essentially been a rubber stamp for the industry -- most prominently, by voting against Obama's proposal to include a public option in the committee's bill. Baucus and his industry bedfellows had been so close, in fact, that in August *Business Week* ran a cover story headlined, "Health Reform: Why Insurers are Winning."

Baucus' Finance Committee is scheduled to vote tomorrow on the bill, which includes:

- An individual mandate requiring all those without coverage to buy private insurance - in other words, tens of millions of new paying customers for the private insurance companies.
- Subsidies for moderate income people to buy insurance.
- No meaningful price controls on what insurers can charge in premiums, co-pays, deductibles, co-insurance and other fees.
- No meaningful reforms on insurance denials of care recommended by doctors that the insurers don't want to pay for.

You'd think the insurance industry CEOs and lobbyists would be jumping for joy with this massive taxpayer subsidy for the already profit-soaked industry.

But you'd be wrong.

AHIP is upset that the industry companies aren't getting enough after the Senate Finance Committee adopted amendments reducing penalties for those who fail to buy private insurance. They want the government to impose onerous fines on people who can't afford the industry's sky-high premiums.

So on Sunday, AHIP threw a huge temper tantrum. In a surprise move, AHIP released a report it commissioned, warning that average family premiums will go up to $21,300 if the Senate Finance Committee bill is adopted.

Reporters for the *New York Times*, the *Washington Post*, and other papers acted more like stenographers than journalists, summarizing the AHIP report without challenging its lies and half-truths. For example, the AHIP report conveniently ignored the fact that the Finance Committee bill includes subsidies that would make insurance more affordable to anyone making up to 400% of the federal poverty level ($88,000 for a family of four).

AHIP's move exposes the industry's no-longer-secret agenda -- to kill any reform that doesn't increase its already outrageous profits. They obviously had kept the report, written by the accounting firm PricewaterhouseCoopers, in their back pocket, ready to release if they needed to provide ammunition to Republicans to attack the Baucus plan and to frighten Democrats into increasing subsidies to low- and middle-income people so they can buy private insurance.

What happened to get AHIP to pull the trigger on its report?

Last week, the Congressional Budget Office released its evaluation of the Senate Finance Committee proposal. The CBO estimated that it would cost $829 billion over the next 10 years -- less than the $900 billion President Obama had suggested -- and would reduce the deficit by $81 billion during that period. The industry isn't happy with even the weak provisions in the proposal that would "contain costs" -- which the insurance companies translate into "reduce profits." The reality is that the bill is a huge windfall for the insurance industry, but their greed knows no limits.

The CEOs of the major insurance corporations were particularly upset by Wall Street's reaction to the CBO's report. On Friday, stock prices of the largest health insurance companies fell. (Each company's stock was down except HealthSpring, whose business is nearly 100 percent with Medicare Advantage and Medicare drug plans, so it has little exposure to the impact of health reform).

Of course, this is just a one-day slide, but CEOs, as well as investors, can get panicky when they think the federal government might not give them everything they want.

Indeed, the CEOs own a lot of stock in their own companies, so for them, this is personal. For example, Cigna CEO **Edward Hanway** watched the value of his common stock fall from $128.2 million to $122.9 million -- a one-day loss of $5.3 million. United Health CEO **Stephen Hemsley** stood by helplessly as his common stock dropped by $2.1 million. **Michael McCallister**, Humana's CEO, found himself $1 million poorer on Friday than he'd been the day before -- at least on paper. And **Angela Braly**, CEO of WellPoint, lost $916,122 in common stock value.

These insurance CEOs and their counterparts don't need our sympathy. The reality is that the Baucus bill is a Christmas tree full of ornaments for the insurance industry. But Ignagni is now clearly under orders from the CEOs who pay her salary to squeeze every ounce of profit she can from Congress. That's why they pay her the big bucks. That's why they have increased their lobbying expenditures to $700,000 a day during the first six months of this year.

So on Friday they pushed the panic button, hoping to derail the Baucus legislation until the industry can get *everything* it wants rather than, say, 90 percent of what it wants.

They seem to forget that insurance premiums over the past decade have already gone up 138 percent, three-and-a-half times higher than family incomes. In addition, insurance deductibles, co-pays, and co-insurance have been skyrocketing, to thousands of dollars a year for families, especially those with the cheaper insurance plans. Despite rising premiums, the insurance companies continue to abuse their consumers, refusing to pay claims or delaying payments, both of which result in increased revenues for the insurance giants. Last year, even in the midst of a recession, United Health had $2.9 billion in profits. WellPoint had $2.5 billion, Aetna $1.4 billion, Humana $647 million, Cigna $292 million, HealthNet $95 million, Coventry $382 million, Molina $62 million, and HealthSpring $119 million.

Meanwhile, the number of uninsured Americans is up to 46 million. Millions more are under-insured -- they pay for plans that leave them vulnerable in the event of unexpected health emergencies. More employers are shifting costs to employees, or dropping coverage entirely. Medical bills are now the principle factor in 62 percent of personal bankruptcies. More than half of Americans, the majority of them people with insurance, are skipping needed care due to high out-of-pocket costs.

Many Democrats in Congress long ago lost their patience with the insurance companies. Many would like to create a Medicare-for-all system, similar to a Canadian-style single-payer approach. A larger number want a strong public option that would vigorously compete with the private insurance companies and provide consumers with more choices. Only a handful of Senate Democrats -- including **Baucus, Blanche Lincoln** (Arkansas), **Evan Bayh** (Indiana), **Kent Conrad** (North Dakota), **Ben Nelson** (Nebraska), and **Mary Landrieu** (Lousiana) -- have opposed the public option and served as the industry's servants in the health reform debate.

But this latest betrayal by AHIP may even get the Baucus Caucus so angry that they'll finally take a stand against the industry's insatiable hunger for profits.

In response to the release of the AHIP propaganda, for example, Scott Mulhauser, a spokesman for Baucus and the other Democrats on the Finance Committee, said: "This report is untrue, disingenuous and bought and paid for by the same health insurance companies that have been gouging consumers for too long. Now that health care reform grows ever closer, these health insurers are breaking out the same tired playbook of deception. It's a health insurance company hatchet job."

In the past month, the grassroots movement for health insurance reform has been growing -- and focusing more attention on the insurance industry's outrageous profits, abuse of consumers, and political influence-peddling. They've been warning Democrats not to get duped by the industry's pledges of cooperation.

"This is an outrageous threat by one of the richest industries in America," said **Rose Ann DeMoro**, executive director of the 86,000-member **California Nurses Association**/National Nurses Organizing Committee.

"This is a transparent attempt by the health insurance industry to sabotage reform," said **Richard Kirsch**, campaign manager for **Health Care for America Now**, the national coalition of consumer advocates, unions, religious organizations, and community groups that is waging a grassroots campaign for change. "Of course they're coming out with guns blazing at the 11th hour. They're out to protect their money and their power, and they'll go to any lengths -- including circulating fake information -- to stop real change."

AHIP's latest double-cross may be the wake-up call that the conservative and centrist Democrats need to develop some political backbone.

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