

“Health care coverage numbers dwindling” November 1998

According to the U.S Commerce Department’s Census Bureau, an additional 2 million people have become uninsured for health care coverage since 1997.

This is no surprise to us and especially to small employers, who are being summarily excluded or “red-lined” from the group health market.

As agents we are aware that the competition for market share by the health care providers has been supplanted by “bottom-line” mentality.

With the advent of improving their “profitability ratios” premiums are now out-pacing the inflation rate. And, in some instances, they are also increasing faster than the medical inflation rate.

Managed care executives are admitting that they are emphasizing profitability over membership growth.

Small employers, especially in Arizona, just do not fit into their equation, primarily due to the fact that, on a stand-alone basis, premiums are insufficient to cover each risk.

Of course, if you were to ask the health care providers, they usually claim that much of the group business is “pooled” so that losses are spread out amongst the employers that are insured in the respective State. However, the renewal notices, for some reason, contain changes in the demographics of the group that are affecting the rates.

Whatever the rationale, we all are aware that more and more people are being “excluded” either by cost or their health from our health care system.

In addition to the return to profit mentality by providers we are also cognizant that state mandates have and are making their contribution.

The Heritage Foundation found that in 16 states that legislatively have forced health care providers to insure the uninsurable, there was an increase in those losing coverage by more than eight times that of the 34 less-regulated states.

Unfortunately, policy makers never will admit that they erred and will initiate still further legislation that will exacerbate the problem(s).

Along with these issues are the fact that with the increasing in premiums employers are participating less and less to the employee’s premium or that of their dependents.

What does all this mean?

For one, it means that employment-based insurance is playing less of a role in covering our population. Rather than trying to expand or preserve the rate of health insurance coverage it would make more sense to contain health care costs.

Second, that employer wages have not kept pace with medical inflation and or inflation period. As a result, we see a greater disparity between the have’s and the have not’s. Although inflationary, wages need to be par with inflation.

And thirdly, as a result of attaining their market share, competition amongst the providers is less of an issue.

Competition is only prevalent when health carriers are vying for the “larger” employers. Smaller companies need their own competitive “edge” when obtaining their health coverage.

There needs to be more risk pools for the uninsurables.

And state legislators need to be encouraged not to further exacerbate our already dysfunctional health care system.