

# THE TRIBUNE

## **A better way to cover pre-existing conditions**

Jeffrey A. Singer

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President Donald Trump promised the American people that any bill that repeals and replaces Obamacare would protect patients with pre-existing conditions.

As this is being written, Republican “moderates” and “conservatives” are deadlocked over a repeal and replace bill. Moderates fear that allowing states to opt out of Obamacare’s requirement that insurance companies accept people who are already sick and charge them no differently than their healthy customers means people with pre-existing conditions might lose coverage or see their premiums skyrocket in those states.

What they don’t seem to realize is that these requirements — called “guaranteed issue” and “community rating” by insurance professionals — are actually jeopardizing access to quality health care for these individuals.

Before Obamacare’s enactment, employer sponsored group health plans, Medicaid and Medicare already covered people with pre-existing conditions. And insurance bought in the individual market was “guaranteed renewable,” meaning a person couldn’t be dropped or see premiums go up if they suddenly developed a costly condition, as long as they maintained continuous coverage with that insurance company. (This was already worked into the price of the insurance.)

So only a small segment of the individual insurance population was faced with the terrible problem of being unable to afford — or even purchase — health insurance because of a costly pre-existing condition. Some estimate that less than a million people have this problem.

Several states, such as Wisconsin and Maine, set up subsidized high-risk pools that worked well to provide these people with insurance at a rate that was not out of reach. The market also was responding with the appearance of health status insurance, a product that basically insures younger, healthier people against the risk of someday being unable to obtain new health insurance because they developed a pre-existing condition. The policy then pays the premiums for their new insurance.

United Health Care already was out with such a product in 2008. Allowing people to form association health plans, much in the way that large companies become self-insured, also would help ameliorate this problem by giving greater numbers of individuals access to group health coverage.

But Obamacare made those solutions irrelevant and unavailable.

Instead, guaranteed issue and community rating were imposed on the entire national individual insurance market. This created some perverse incentives. It now made sense for a young healthy person to wait to get sick before spending precious dollars on insurance premiums.

After all, you can't be denied coverage and the cost would be the same. Obamacare tried to discourage this via the "individual mandate" penalty, which had an incomplete effect. Without the dollars of the young and healthy (who are unlikely to use the insurance) in the pool, the insurance premiums rose — deductibles soared as well to keep premiums from rising even higher.

But the most harmful incentive was to spur insurance companies into a "race to the bottom" when it comes to coverage of people with serious, costly, medical conditions.

Such people don't need the threat of a penalty to get them to buy insurance. They want insurance. But insurance companies don't want them. People with these costly conditions are a big drain on the pool of money insurers have available to pay claims. So insurers design provider and hospital networks in such a way as to make them unattractive. They make sure the providers and hospitals most noted for treating some of these conditions are not a part of their network, in hopes of chasing these potential customers to their competitor.

This behavior all-too-often results in a tragic situation like the one in which a colleague of mine finds herself. She's an anesthesiologist in solo practice and has been treated for breast cancer. She must seek insurance on the individual market.

But in Arizona's largest county, where she practices, there is only one insurer left in the market. All of the others have pulled out because they found guaranteed issue/community rating economically unsustainable. And this lone insurer has none of the breast cancer specialists she has been seeing within its network, nor any of the specialized centers.

Fortunately for her, she can afford to pay out-of-pocket for her totally out-of-network care and essentially waste her money on high deductible, extremely expensive insurance to avoid the individual mandate penalty. But many people who are not in my colleague's income bracket settle for less access to quality care.

The politicians in Congress getting cold feet on repeal and replace must be made aware that there are better ways to protect people with pre-existing conditions than the way Obamacare imposed on the entire country. In fact, the current way is hurting the very people it is intended to help.

*Jeffrey A. Singer practices general surgery in Phoenix, Arizona, and is an adjunct scholar at the Cato Institute. Send comments to [awoods@tribtown.com](mailto:awoods@tribtown.com).*