



September 6, 2010

Pre-existing health condition insurance premium too expensive for many

By Richard Martin, Times Staff Writer

Few apply for the U.S. plan for those with pre-existing troubles.

ST. PETERSBURG - Clyde Holladay says he was excited about a new government insurance plan for people with pre-existing health conditions, one of the first programs of the federal health overhaul package.

That is, until he found out what his monthly premium would be: \$773.

"Almost gave me another heart attack," Holladay joked.

But he's not kidding when he says \$773 a month isn't affordable for a 61-year-old man with heart problems, who makes less than \$30,000 a year as the proprietor of Pedro's, a small downtown St. Petersburg barbershop.

Holladay isn't alone. While the pre-existing condition insurance plan does offer coverage that often is not available at any price, many Americans are quickly finding out the monthly premiums are out of their reach. Of the estimated 4 million Americans eligible for the program, only about 2,000 had applied as of Aug. 1 in the 23 states, including Florida, that opted to have the federal government run their plans.

Federal officials say the plan is only meant to cover this group until 2014, when more widespread changes kick in. That year, private insurers will no longer be able to exclude people with pre-existing conditions; the government will offer subsidies for lower-income people; and health insurance exchanges will open, promising lower, more competitive rates because the risk will be spread around more.

But that's of little comfort now to people like Holladay.

"I was expecting something that was affordable," he said. "\$773 is not affordable."

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Holladay has been uninsured since 2001. When his marriage ended, so did his health insurance through his wife's employer. He said he was doing okay without insurance, despite an enlarged prostate and some herniated discs in his back.

But in 2009, he suffered a heart attack and had a stent implanted to clear the blockage. Northside Hospital wrote off his nearly \$100,000 bill as charity care, but Holladay said he knows he needs insurance.

Part of the problem is that now, individual health policies are expensive for everybody. Under the law, premiums in the pre-existing conditions program must be the same as the standard individual health insurance rates for healthy people in each state. In Florida, that ranges up to \$773 for those 55 and older.

The only relief based on income comes if a person is eligible for Medicaid, and Holladay makes too much for that.

In addition to the \$9,276 a year he would pay in premiums, Holladay also would have to meet a \$2,500 deductible before his coverage kicked in.

That \$11,776 total is more than 50 percent of his net income of \$21,703 from last year.

"Just do the math," he said. "I can't afford it."

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When federal health officials launched the program July 1, Jay Angoff, director of the Office of Consumer Information and Insurance Oversight, said it would offer "comprehensive coverage at a reasonable cost."

The premiums are lower than what people with pre-existing conditions would get if they tried to get coverage directly through a private insurer - if they could get it at all. Holladay was turned down by Aetna.

Angoff said he has heard of a man in Florida, who had polio as a child, getting coverage; and a woman with rheumatoid arthritis who needed a hip replacement now being covered.

Even getting premiums at the current level isn't cheap; the government is kicking in \$5 billion to subsidize the program.

Angoff couldn't say how much better things will get in 2014; it's not yet known what premiums might cost, or what kind of subsidies might be available.

But for people who don't have insurance, "2014 is so far away, it just doesn't exist," said Jeanni Bajenski, 59, of Largo. "It's right now that we need this to be resolved."

Bajenski was laid off in August 2009 from her accounting job, and since has paid about \$150 a month for coverage through COBRA, the program meant to help bridge insurance gaps between jobs. But a government subsidy will end next month, leaving her to pay \$450 a month until her eligibility ends early next year. Then the breast cancer survivor will be in Holladay's situation.

Bajenski says she can't afford \$450 a month, let alone \$773.

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The impact of this sticker shock could reverberate beyond individuals to the overall public image of the health overhaul package, critics say.

"There's a lot of small print" in the health overhaul law, said Michael Tanner, a senior fellow at the Cato Institute, a libertarian think tank. "People thought 'I'm going to get free insurance.' But it's not free. In fact, it's very expensive."

Tanner said the same is true for another early provision, the extension of health benefits to dependents up to age 26. "People didn't realize this is going to cost a lot of money," he said.

Supporters of the bill hoped such early provisions would win support for the controversial legislation. But Tanner says it's entirely possible that this will not happen, and the program's popularity will only decline in 2014, when everyone will be required to have health insurance.

"The mandate kicks in in 2014, which people hate," he said. "This may be as popular as the bill gets, and that's a real problem."

Holladay voted for President Barack Obama and lost some customers in the process. He has since written letters to the president and other leaders explaining his situation.

Still, he figures he may have to wait for coverage until age 65, when he's eligible for Medicare.

Until then, he says he'll keep eating right and exercising. "And hope I don't have major issues."

Just do the math. I can't afford it.

How the pre-existing condition insurance plan would fit into the monthly budget of St. Petersburg resident Clyde Holladay: **Monthly expense**
Total
Mortgage and condominium fees \$350
Homeowner's insurance \$66
Property taxes (\$737 ÷ 12) \$61
Groceries \$200
Utilities (power, phone, cable) \$150
Loan payment for 2007 Honda Civic \$225
Auto insurance \$93
Gasoline \$80
Cell phone \$40
Medications \$26
Clothing, entertainment, misc. \$55
Premium for pre-existing condition insurance plan \$773
Insurance deductible (\$2,500 ÷ 12) \$208
Total \$2,327
Monthly net income (in 2009) \$1,808
Difference-(\$519)

St. Petersburg Times



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