



Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

FOR IMMEDIATE RELEASE

Aug. 31, 2009

For more information, contact:

Bob Hanson
Public Information Officer
785-296-7807
bhanson@ksinsurance.org

Commissioner's Corner

September 2009

By Sandy Praeger

Prescription for health care reform is difficult, but necessary

Look back past the din of this summer's health care debates and recall the 2008 election cycle, when virtually every candidate, regardless of political affiliation, argued for broad change to our health care system.

Then, as now, there was no serious dispute that our present system fails to cover millions of Americans and costs all of us too much. These are the two core issues that we must address now as we move forward on the broad common ground that can exist.

The legislative proposals under consideration in Washington are complex because the challenges involve intricate issues, but there is agreement on several critical issues essential to an improved health care system.

In order to finance health care through insurance as efficiently and as affordably as possible, everyone – the young, the old, the healthy and the sick – has to be in the system. The current proposals would prohibit health insurers from denying someone insurance simply because he or she has been treated for a pre-existing condition. Similarly, the proposals would prohibit insurers from using health status, gender or occupation when setting premiums.

Of course, if coverage is guaranteed for all, there will be some who will wait until they become sick to purchase that coverage. Such a voluntary system could lead to "adverse selection," where those with higher costs and likelihood of care participate in the system, while those with lower costs and likelihood of care do not.

This dynamic drives up the cost of insurance, further discouraging people from buying it and discouraging employers from providing it. This shifts the burden of health care to an inefficient, last-resort system of emergency care and high-cost state programs.

-More-

The only effective answer to these concerns is to require everyone to purchase health insurance, much as states already require the purchase of auto insurance.

The current proposals also eliminate caps on annual or lifetime benefits under a health insurance policy. For patients with high-cost conditions like hemophilia, who can exhaust these caps very quickly, this change will make certain that their policy delivers meaningful coverage.

The proposals also acknowledge that getting everyone in the system will require adequate federal subsidies so that people below designated income levels receive assistance in purchasing health insurance. Without subsidies, the cost of coverage, even with everyone in the pool, is too great to be affordable for millions of Americans.

Congressional action along the lines outlined above is necessary to address this national issue, but it should not diminish the regulatory role for the states going forward. Our nation is too vast and too varied for one regulatory regime to fit all. Congress should allow states wide latitude to enforce their respective laws when those laws provide greater consumer protections than those afforded by federal law.

Reducing costs and fixing the health care system will require collaboration and compromise among the federal government, state governments, providers and consumers alike. It is critical to steer clear of the current, unsustainable path where health care costs devour an ever-increasing percentage of the national economy. At the very least, the U.S. economic well-being depends upon moderating this trend.

Consensus on reform proposals can happen if they are judged on their substance. Even though Congress recently lost a great consensus maker — Sen. Ted Kennedy, whose bipartisan efforts were lauded by current and past Kansas Sens. Brownback, Roberts, Dole and Kassebaum — members of Congress should continue to work together to find common ground.

Constructive debate about health care reform is essential, but it should be rooted in the facts, with a clear understanding of the difficult policy decisions facing the nation.