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Hearing on Unaffordable: Impact of Obamacare on Americans' Health Insurance Premiums

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Thank you, Mr. Chairman. It is an honor and a privilege to be here today.

If I may, I'd like to begin with an apology—an apology to the family of Leslie Elder. Leslie died an untimely death at the age of 63 last summer, uninsured and facing bankruptcy and foreclosure. I owe her family an apology because Leslie might be alive today had it not been for the work I used to do.

You see, I used to help create the same kinds of deceptive PR campaigns that are being waged today to weaken the consumer protections in the Affordable Care Act. The PR campaigns I helped create intentionally misled the American people—and their elected officials—into believing that reform of our private health insurance system would do more harm than good. These campaigns helped maintain an unacceptable status quo for far too long, a status quo that has caused bankruptcies, foreclosed homes, and many, many unnecessary deaths. Deaths like those of Leslie Elder.

Leslie's daughter believes her mother would be alive today if she had been able to get health insurance. But no company was willing to sell her an affordable policy because of her age and, ultimately, her serious, but treatable illness.

CNN ran a story on Leslie shortly after she died. It began this way:

> Leslie Elder was always a fighter. But in a message to a friend in the waning days of her life, she seemed exhausted.
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> The note, written at a time of spiritual darkness, suggested defeat after a decades-long struggle for medical coverage.
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> "I honestly don't know how much more I can endure," Elder wrote to a friend. I can't work. I sit in bed. I cry a lot. I am still fighting for health care and still fighting foreclosure…"
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> As she typed the note, Elder could scarcely breathe. Her lungs had filled with fluid over several months; her respiratory system was shutting down. After visits to the

> emergency room and several free clinics, Elder was finally diagnosed with Hodgkin's lymphoma.
>
> But what makes her family bristle: Elder did not have to die.
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> If she had had health care, "Absolutely she'd still be here," said Jacquelyn Elder, Leslie's daughter, adding that Hodgkin's lymphoma has a high survival rate. "That is something really hard to deal with." [http://www.cnn.com/2012/09/01/health/elder-insurance]

As CNN reported, the Elders had been on a nightmarish roller coaster: One minute, they had the best medical coverage; the next, they had none. And in between: skyrocketing insurance premiums, high deductibles, and stacks of unpaid medical bills.

Leslie could not get affordable health insurance, and from a strict business perspective, it's easy to see why: Insuring Leslie would not be profitable for any insurance company. This is the dilemma we face as Americans, as we try to balance the demands of a health insurance industry driven by money against the needs of friends, family, and loved ones who require insurance to survive and be productive citizens. And because I had been working in the health insurance industry, I myself helped perpetuate this grossly unfair system that rendered Leslie effectively uninsurable. For that, I sincerely apologize to Leslie's family.

During my 20-year career at two of the country's largest health insurance companies, I worked closely with CEOs, chief financial officers, and many other executives. Part of my job was providing financial communications to publications like *The Wall Street Journal*. I came to understand that investors and Wall Street financial analysts are the most important stakeholders of the big corporations that dominate the health insurance industry today. And in the course of striving to meet Wall Street's relentless profit expectations, insurers take actions that, in many cases, cause real harm to the people they're supposed to help.

Americans would be outraged if they knew a portion of the premiums they pay to insurance companies is used to create deceptive PR campaigns designed to protect profits by scaring and misleading Americans and their elected representatives. During my career, I served on numerous industry groups that carried out such campaigns to shape public opinion about health care reform. In fact, during the early 1990s, our objective was to plant seeds of doubt about the Clinton reform proposal. On that and many subsequent campaigns, we spent millions of our customers' premium dollars.

Over time, I became acutely aware of the impact these deceptive campaigns had on real families, leaving ever-increasing millions of Americans uninsured or underinsured. That awareness led to my crisis of conscience. I could no longer participate in yet another effort to derail reform, so I left my job in 2008, just as the legislative debate over the Affordable Care Act was taking shape. Since then, I've been writing and speaking out about the tactics my former colleagues and I used. Unfortunately, those tactics are being used again, this time to scare people into believing that their premiums will skyrocket if we don't perform radical surgery on the health care law.

The reality is, we are here today because of these tactics. Insurance companies and their allies have been waging a PR campaign to get Congress to change the Affordable Care Act. If we leave it up to them, we will continue price-gouging older Americans and underinsuring younger Americans, clinging to an antiquated business model that cannot solve the problems of today's America. If the insurers' campaign succeeds and stops needed reforms, Americans like Leslie Elder will remain uninsured, even after the requirement to have insurance becomes effective on January 1.

Ultimately, this is a struggle between Wall Street's well-being and the well-being of millions of middle-class and working families.

I know firsthand that insurers are eager to avoid the expense of providing coverage for people who, because of their age, might need more costly medical care. Their latest scare campaign has insurers professing concern about young adults, but what they really worry about is no longer being able to cherry-pick the youngest and healthiest.

In most states today, the industry is able to charge older people like Leslie five, six or even ten times more for the same coverage they gladly sell to younger, healthier people. That is, *if* they are willing to sell older Americans coverage at any price. In a 2009 policy paper, America's Health Insurance Plans (AHIP) acknowledged that almost one-third of people in Leslie's age group were denied coverage.

One of the reasons we are here today, of course, is that the Affordable Care Act prohibits insurers from charging older people more than ***three*** times as much as they take from young adults. By restricting the amount insurers can charge older Americans, the new age-rating band foils the industry's attempts to deny coverage to people they want to avoid—people who need medical help. People like Leslie Elder. These consumer protections, of course, worry insurance companies. But these are the very reforms needed to ensure that Americans get the insurance they need so they can remain healthy, productive citizens.

If you'll indulge me, I'd like to stop a moment and ask you to consider the hellish situation Leslie and her family were living in. Try to put yourself in Leslie's shoes: Lying in bed, scarcely able to breathe, her lungs filing with fluid, her respiratory system shutting down.

Imagine this happening to you, knowing full well that effective treatment is available, but you—someone who's played by the rules your whole life—simply can't access it. Imagine hearing the political rhetoric about how America's health care is the "best in the world," except that it's not available to you when you need it most. This, ladies and gentlemen, is **how we know our health insurance system is broken and requires reform**. And *this* is what the future will look like for many older Americans if Congress surrenders to the health insurance industry's campaign to gut the consumer protections in the Affordable Care Act.

I recount Leslie's story here today for two reasons.

First, because a lot of numbers are thrown at people on this issue. I want to make certain we don't lose sight of the fact that we're dealing with human beings here, not just entries on a spreadsheet or income statement.

Second, I want to point out the lethal consequences of the insurance market as it was before health reform. Ongoing PR campaigns run by the insurance industry, the kind I myself once helped create, are intended to sow fears and doubts about patient protections in the Affordable Care Act and turn our backs on the progress we have made.

I ask Congress not to buy into the insurance industry's PR blitz.

The 3 to 1 age band is one of many ACA protections that will correct decades-long abuses that have cost untold thousands of your constituents their homes—and even their lives.

Is it true that a small percentage of young adults will see their premiums go up next year because of the 3 to 1 age band? Yes, a few will. But most young adults will ***benefit*** from the law. Many, for the first time, will be able to get decent, affordable coverage that will enable them to stay healthy without fear of financial ruin—not the junk insurance on the market today that provides only a fig leaf of coverage that pays little and runs out quickly.

A new report from the Urban Institute calls into question the findings of the insurer-backed studies used by the industry to support their claims about premium increases. Of course, insurers' coordinated attack on the law fails to consider many important factors, and, as a result, their use of these studies intentionally misleads the public. Among the factors that are not considered:

- The fact that only a small percentage of young adults will be affected, while many people at the other end of the age band will see enormous benefits that allow them to stay covered and maintain their health;
- The serious deficiencies in today's coverage, particularly in the low-value, minimal-benefit coverage marketed to young people. Banning junk insurance policies—while maintaining access to low-cost policies—will mean Americans will be able to purchase real coverage that protects them from financial ruin if they happen to fall ill;
- The fact that discriminatory practices priced many people out of the market, allowing for artificially-low premiums for others; and finally,
- The availability of premium tax credits, which will dramatically reduce costs for many consumers.

To make my point, an example of a young adult who will benefit from the Affordable Care Act is 29-year-old Evan Morrison of Toledo, Ohio. He has two part-time jobs, neither of which offers health benefits.

Thanks to the Affordable Care Act, Evan, who earns about $1,400 a month from his two jobs, will be eligible next year for a $2,000 subsidy to buy coverage. If he opts for a silver-level plan, his monthly premium will be about $50 a month. A bronze-level plan would cost even less. Both plans would provide comprehensive coverage and are much better options than he has now.

Evan's ability to buy affordable coverage will be the rule, not the exception. In fact, coverage under the Affordable Care Act will be more affordable for most young people because of the Medicaid expansion, the premium tax credits for low- to moderate-income earners, and the ability of young people to remain on their parents' policies until age 26 if they don't have jobs with health benefits. Adults under 30 will also have the special option to purchase catastrophic coverage with lower premiums and higher deductibles. And keep in mind that the millions of young adults fortunate enough to have employment-based coverage will not be affected at all.

The title of today's hearing is "Unaffordable: Impact of Obamacare on Americans' Health Insurance Premiums." The title implies that before the Affordable Care Act came along, premiums were stable, but now are on verge of skyrocketing because of the reform law. Nothing could be further from the truth, but my former colleagues in the insurance industry are hoping you'll either have amnesia or turn a blind eye to the fact that premiums truly ***were*** skyrocketing before the ACA slowed them down. The average family premium increased an astonishing 131 percent between 1999 and 2009. That’s more than three times worker wages, four times general inflation, and considerably faster than overall medical inflation.

Mr. Chairman and members of this committee, many of your constituents have been counting the days until January 1, 2014, when insurance companies will no longer be able to deny them health coverage or charge them far more than their family budgets can handle. Please do not dash their hopes because insurance industry lobbyists and their allies are pressuring you. If you change the Affordable Care Act to enable insurers to meet profit goals, then the word "unaffordable" in this hearing's title will, indeed, be appropriate. And the resulting tragedy would be that many of your constituents will continue to be at risk of dying like Leslie Elder.

As a final point, I ask you to recall what else was skyrocketing prior to the Affordable Care Act: both health insurance company profits ***and*** the number of uninsured Americans. Reform was long overdue and we must not turn back now. Thank you.