On My Mind

Higher Premiums Ahead

This health reform bill would drive up insurance costs. By Nirit Weiss

AS A PHYSICIAN I'VE LEARNED THAT MAKing the correct diagnosis requires listening when patients speak. But I've also learned that what people choose not to say is as important as what they reveal. Reform advocates have continually pointed to the ills of our health care system, and President Obama has tried to reassure Americans that reforming it will be painless. As recently as August Obama was saying, "If you like your health plan, you can keep your health plan." He is no longer making such claims.

With the irresponsible passage of its partisan and costly bill, the House has placed the ball squarely in the Senate court. A recent, controversial report by PricewaterhouseCoopers highlights some of the undisclosed costs of proposed health care reform. It concludes that even if the more moderate Senate Finance Committee bill becomes law, annual premiums for private health insurance could climb by 2019 to $9,700 for an individual and $25,900 for a family. These numbers are 18% above the increase expected under the current system. Individuals and small businesses, the underinsured groups targeted for protection by the proposed health insurance "exchanges," would be the hardest hit. Those of us hoping to hold on to our current health plans have real cause for alarm.

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The report, which was paid for by an association representing insurance companies, has been dismissed as industry-funded spin. But a funder's self-interest does not automatically invalidate a study's results. The Senate Finance Committee health bill itself has been produced by legislators whose campaigns are supported by special interests.

The study focused on four specific provisions of the bill while ignoring potential cost savings of the remaining provisions. But some of these provisions—which focus on "wellness," disease prevention and primary care—are not relevant to cost, and others increase costs. Contrary to conventional wisdom, few preventive measures are cost-saving. A review (published in the *New England Journal of Medicine* in 2008) of 559 articles found that the vast majority do not save money. A 2009 review in *Health Affairs* concluded, "Prevention usually increases medical spending."

The report did not take into account the role of proposed governmental subsidies in offsetting the premium increase for Americans who wish to keep their private insurance. (Pricewaterhouse made no attempt to hide this limitation.) Subsidies will help keep premium increases somewhere below the incremental 18%. But the need for corrective subsidies demonstrates that the bill itself will drive up the total cost of care. Medical care will be paid for by increased taxation on the health care industry, decreased Medicare/Medicaid reimbursements to physicians and hospitals and increased taxation of individuals. Because increased industry costs will be passed through to policyholders in the form of higher premiums, those with private health insurance will essentially be taxed twice.

Public programs currently reimburse less than the cost of delivering care, and the shortfall is made up by those paying higher premiums in private insurance plans. Further proposed Medicare reductions will lead to an even greater burden on those expecting to keep their private plans.

The Pricewaterhouse findings are consistent with the outcome of several smaller-scale experiments with guaranteed availability and flat-rate pricing, which led to increased cost and decreased enrollment in private insurance in the states of New York and Washington. In Massachusetts coupling similar reforms with an individual mandate could not prevent significant increases in premiums.

Private health insurance will be unsustainable—even without mandating a public option or government-run system. In September of 2009 Obama told Congress that "nothing in our plan requires you to change what you have." But the likely collapse of the private insurance industry will ensure that all Americans eventually enlist in government-run programs. Maybe that's what the "reformers" want, but from years of careful listening, I know that is not what patients want. F

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