

# Decades of Health Care Catharsis Lie Ahead



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## HEALTH CARE AND FINANCING

A cleansing is required, regardless of reform. This is due to overregulation of insurance and medicine at the federal and state level as well as capitalistic greed. Additionally, many citizens have

lost ownership of their own health due to poor diet and lack of exercise.

The slow motion crash of health care and its financing will be measured in decades as opposed to the years we use to measure financial meltdowns. Knowing this, our leaders and the general public can continue to make the necessary adjustments as the health care catharsis progresses into the future.

Before health care reform, Republicans and Democrats were often denied individual and family health insurance coverage when they needed it most. Business owners on average received annual 15-percent health rate increases with some increases up to 40 percent or more.

While rates increased dramatically, health insurance coverage was significantly reduced.

For example two decades ago common deductibles were \$50 and \$100; one decade ago they were \$250 and \$500; and today they are \$2,500 and \$5,000. The health care system has seen concurrent severe inflation and benefit reduction.

## Higher Rates, Fewer Options?

Since health care reform, the system continues to trend in a direction that won't satisfy many people. Todd Jones of BenefitMall predicts that adding benefits and reducing underwriting will increase rates. "Complication and requirements from health care reform will increase expenses," he says. "The early implementation of tax credits, grandfathered status, dependent age extensions and loss ratios is small compared to the upcoming requirements, such as no medical underwriting and unlimited wellness and maximum coverage. I expect the situation to get worse before it gets better."

Reduced competition exacerbates the issue. For example, many states have overregulated health insurance. In these states, combinations of BUCA companies have oligopolies with high rates and fewer options (BUCA = Blues, UnitedHealthcare, CIGNA, and Aetna). This scenario will occur in Arizona when competitors start withdrawing. Arizona may be hard hit because we've always had 10 or 12 active health insurance companies in the market.

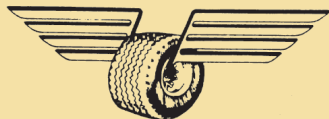
Reduced competition will add momentum to our rising healthcare costs while limiting options.

As an optimist, I believe solving the health care conundrum is possible. The decisions will be difficult. Initial outcomes from implemented changes won't be what we expect. The process will evolve over the next few decades as opposed to years. Philosophies and approaches will shift from one view to another. Rather than an end product, I anticipate a constant striving for improvement.

OK, it's time to get back to work in the here and now. Businesses, individuals and families struggle with the healthcare choices before them today. Will you qualify for the tax credits? Do they apply this year or next? We health insurance agents sift through the confusing array of financing options on behalf of our clients. The guidance of a professional will become even more important when you take your turn in the healthcare financing hot seat. ■

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