

# Insurers offer to stop charging sick people more

March 24 2009, By RICARDO ALONSO-ZALDIVAR , Associated Press Writer

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(AP) -- The health insurance industry offered Tuesday for the first time to curb its controversial practice of charging higher premiums to people with a history of medical problems.

The offer from America's [Health Insurance](#) Plans and the Blue Cross and Blue Shield Association is a potentially significant shift in the debate over reforming the nation's [health care system](#) to rein in costs and cover an estimated 48 million uninsured people. It was contained in a letter to key senators.

In the letter, the two insurance industry groups said their members are willing to "phase out the practice of varying premiums based on health status in the individual market" if all Americans are required to get coverage.

"The offer here is to transition away from risk rating, which is one of the things that makes life hell for real people," said health economist Len Nichols of the New America Foundation public policy center. "They have never in their history offered to give up risk rating."

Insurers are trying to head off the creation of a government [insurance plan](#) that would compete with them, something that liberals and many Democrats are pressing for. To try to win political support, the industry has already made a number of concessions. Last year, for example, insurers offered to end the practice of denying coverage to sick people.

They also said they would support a national goal of restraining cost increases.

The latest offer goes beyond that.

Insurance companies now charge very high premiums to people who are trying to purchase coverage as individuals and have a history of [medical problems](#), such as diabetes or skin cancer. Even if such a person is offered coverage, that individual is often unable to afford the high premiums. About 7 percent of Americans buy their coverage as individuals, while more than 60 percent have job-based insurance.

"This changes everything," said Karen Ignagni, president of America's Health Insurance Plans, the leading trade group. "When you have everyone in the system, and you can bring (financial) assistance to working families, then you can move away health status rating."

The companies left themselves several outs, however. The letter said they would still charge different premiums based on such factors as age, place of residence, family size and benefits package.

And importantly, the industry did not extend to small businesses their offer to stop charging the sick higher premiums. Small employers who offer coverage can see their premiums zoom up from one year to the next, even if just one worker or family member gets seriously ill.

Ignagni said the industry is working on separate proposals for that problem.

"We are in the process of talking with small business folks across the country," she said. "We are well on the way to proposing a series of strategies that could be implemented for them."

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On the Net:

America's Health Insurance Plans: <http://www.ahip.org>

Blue Cross and Blue Shield Association: <http://www.bcbs.com/>

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Citation: Insurers offer to stop charging sick people more (2009, March 24) retrieved 4 May 2024 from <https://medicalxpress.com/news/2009-03-sick-people.html>

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