



ObamaCare Advisers Predict Death of Health Insurance Companies

Authors Ezekiel Emanuel and Jeffrey Liebman then reviewed all the ways that the new “accountable care organizations” will allegedly improve the delivery of healthcare after those greedy, nasty, selfish, profit-seeking insurance companies are out of the way. The article is so filled with misstatements, half-truths, and just plain lies that only a few of the more egregious ones can be addressed here.

Item: “Health insurance companies usually ... provide insurance; they take a premium and assume financial responsibility for paying the bills. But the amount of risk sharing that is accomplished is limited because the insurance companies charge premiums that vary, depending upon the health of an individual or a group.... [They] use their data and market power to identify healthy people to cover and unhealthy people to exclude from coverage.”



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Correction: Health insurance companies, in a free and open market, provide insurance by contracting with individuals or groups to provide a service: coverage according to that contract. Premiums are charged according to the best estimate those companies make about what it will cost for them to provide the coverage. They do not “take” premiums by force, but try to write a contract that allows them to make a profit while being competitive with other companies in the marketplace. Those premiums are based on the group’s health cost experience, which includes healthy and unhealthy individuals. They do not use “their market power” to exclude individuals from coverage. They use their expertise and credibility earned by serving others well in the marketplace in order to increase their client base. In other words, insurance companies, like any other enterprise, grow and thrive or shrink and fail only to the degree that they successfully service the needs of their customers.

Item: “Most health insurance companies also impose barriers — like requiring prior authorization for tests and treatments and denying payment for covered services ... to discourage patients from using medical services [in order] to avoid paying for those services.”

Correction: The authors have seen John Grisham’s [The Rainmaker](#) far too many times and think that Great Benefit Insurance Company’s fraudulent activities represent standard behavior in the health insurance industry. Prior authorization is part of the contract to protect the company, and ultimately the premium payer, from excessive claims. It’s part of the contract, agreed to in advance by the insured



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or his group and not something hidden in the closet and brought out in the dark of night to avoid paying claims. As far as deliberately denying claims in order to keep their clients' money — see *The Rainmaker* above — this is against state law where insurance companies are, or were, until ObamaCare, regulated.

Item: “But thanks to the accountable care organizations provided for by the health care reform act [ObamaCare], a new system is on its way, one that will make insurance companies unnecessary. Accountable care organizations will increase coordination of [a] patient’s care and [will] shift the focus of medicine away from treating sickness and toward keeping people healthy.”

Correction: Thanks? A new system — designed by pie-in-the-sky, dreamland theoreticians and college professors — that will make insurance companies unnecessary? Where did those insurance companies come from in the first place? From the free operation of the market, offering insurance for specified risks, that individuals were willing to shift to a company in exchange for a fee. The insurance business began hundreds of years ago, insuring ships on the high seas, long before either of these “advisers” ever drew a breath of air. And “coordination of [a] patient’s care?” That’s got to be code for government bureaucrat intervention into the delivery of healthcare that used to be between a patient and his doctor alone. And what about the “shift of medicine away from treating sickness and toward keeping people healthy?” If such a shift were warranted, the free market would offer it. In fact, it already has, with the increased offerings of wellness physicians and advisers to serve the needs of people who themselves have, and should, take care of their own wellness needs, instead of by some diktat forcing the issue. Let’s not avoid asking what business the government has meddling in private health affairs of individuals in the first place. But this is dreamland, remember?

Item: “Because most physicians and hospitals today are paid on a fee-for-service basis, medical care is organized around treating a specific episode of illness rather than the whole patient. This system encourages overtreatment and leads to mistakes and miscommunication when patients are sent between primary care doctors, specialists and hospitals.”

Correction: Under the pre-ObamaCare health system, doctors were paid a fee for service, just like dentists, plumbers, veterinarians, carpet-cleaners, and house painters. Imagine that. If a patient wants his “whole” person cared for, he most certainly could find accommodation in the free market. In fact, such “whole” person centers are springing up all over: call them “wellness centers” and “spas” and “fitness centers.” And where does “overtreatment” benefit anyone absent government intervention? If a patient is responsible for his own healthcare and he feels he is being overcharged, he has remedies: like changing service providers, just like with dentists, plumbers, etc.

Item: “ACO’s will require enhanced information systems to track patients and figure out how to deliver more effective care.”

Correction: The Obama advisers writing in the *Times* got this part right. The new healthcare act, at bottom, isn’t designed to control healthcare costs. It is designed to control people.

Final item: “A final bonus of ACO’s is that they will lead to a better form of competition in healthcare markets. Today, consumers have to choose among insurance plans with a bewildering array of copayments, deductibles, and annual out-of-pocket maximums — choices that few of us are any good at making.”

Correction: Customers have been, through the marvel of the free market, given choices, options, and selections because that is what they want. It’s unmitigated hubris of these Obama advisers to suggest that people are too stupid or lazy to make their own decisions and therefore have to have their options



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limited; it indicates clearly the totalitarian mindset inherent in ObamaCare and in those people, like the authors of this economically illiterate article, who wrote it into law.



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