





WHY CAN'T HEALTH INSURERS OPERATE MORE LIKE FIRE INSURANCE COMPANIES?

PRESENTED TO CASUALTY ACTUARIES OF THE SOUTHEAST
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Health Insurance policies should
LOOK LIKE property/casualty
insurance policies.



In particular, they should look like Workers Compensation policies, except:

1. Not restricted to workplace.
2. Wage loss not covered.

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1. What health insurance companies sell is not really health insurance.
 2. Two reasons why the public is angry at health insurance companies.
 3. Some of the specific features of a Date-of-Initial-Diagnosis trigger date
 4. Health insurers must adjust their procedures under a Date-of-Initial-Diagnosis trigger date



1. What health insurance companies sell is not really health insurance.

Health insurance companies sell memberships to medical discount clubs.

They do not cover your claims in full.

2. The Public is Angry at Health Insurance Companies

- A. The overall cost of medical care
- B. Exclusion for pre-existing conditions. They want it eliminated and they don't care what the consequences are.



The Pre-Existing Condition Exclusion is a Creation of the Trigger Date

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Trigger Date

Definition: the date that an event occurs that establishes that a claim may be reported against that policy

The day after the last day that neither policyholder nor insurance company is aware that an insurable event has occurred

The trigger date for health insurance is today the Date of Service - a fatally flawed approach.

NO OTHER TYPE OF INSURANCE USES THIS TRIGGER.

A Date-of-Initial-Diagnosis Trigger

§ The **FIRE** insurance in force

§ during the day that the fire burned down the house

§ will remain responsible for all rebuilding costs until rebuilding is complete,

§ without regard to whether the insurance has since lapsed.

§ The **HEALTH** insurance in force

§ during the day that symptoms of a condition provoked the consumer-patient to seek medical care

§ will remain responsible for all medical care and treatment of that condition of that patient until the earlier of recovery or death,

§ without regard to whether the insurance has since lapsed.

3. Specific features of a Date-of-Initial-Diagnosis trigger date


Policyholders continually insured would never again have to shop for health insurance to cover a pre-existing condition.

Lifetime premiums should not change. The young would pay more than they do today. The elderly would pay very little – if anything at all.

3. Specific features of a Date-of-Initial-Diagnosis trigger date


§ Medicare costs would decline sharply.

§ Patients treated as terminal could stop paying premiums altogether.





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All special problems relating to a Date-of-Initial-Diagnosis trigger have already been addressed by the property-casualty insurance industry.

4. Health insurers must adjust their procedures under a Date-of-Initial-Diagnosis trigger date.

§ Reinsurance would be a necessity.

§ Residual market mechanisms

§ Condition-based deductibles

§ Subrogation activity will expand


§ Second Injury Funds

§ Insurance Guaranty Associations

4. Health insurers must adjust their procedures under a Date-of-Initial-Diagnosis trigger date.

EVERY SPECIAL PROBLEM THAT HEALTH INSURANCE COMPANIES WOULD FACE HAVE BEEN ADDRESSED BY LINES OF INSURANCE THAT SELL INSURANCE WITH THIS TYPE OF TRIGGER.

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If health insurers want to insure us, then they should insure us. What they should not be free to do is to wait until you develop a condition and then desert you. And likewise you as a consumer are not free – nor should you be free – to abstain from the health insurance market altogether, and scurry around looking for someone to pay the bills once you finally do get sick. Both patient and insurance company are demanded to play the game before either one knows the outcome. And this is not happening when the youth can opt out without consequence, and the insurer can opt out as soon as the hand turns sour.