

US insurers stop offering child-only health plans

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A number of private health insurers in the US say they will stop selling child-only individual insurance policies in some or all of the states where they do business. The change comes as several provisions of the Obama health care overhaul took effect on Thursday, six months after the legislation was signed into law.

The provision concerning child-only policies prohibits insurers from excluding children from coverage because of pre-existing health conditions if they offer such policies. The White House had claimed that 72,000 uninsured children would be able to gain coverage immediately under this provision.

But now it appears that rather than bring their policies into compliance with the provision, the insurance companies will no longer offer child-only policies for sale. Existing child-only policies will remain in force.

The action involves the five largest publicly traded health insurers based on enrollment: Wellpoint Inc., UnitedHealth Group Inc., Aetna Inc, Cigna Corp. and Human Inc. According to the *Los Angeles Times*, experts estimate that some 500,000 children nationwide currently without health insurance stand to suffer from the giant health insurers' decision.

Thousands of children could be forced into Medicare and the Children's Health Insurance Program (CHIP), programs jointly administered by states and the federal government that are already strained by state budgetary crises. Working and middle class families without employer-based coverage for their children, but whose incomes are too high to qualify for these public programs, will be left with no coverage and potentially astronomical health care costs.

The insurers' move is a telling indication of what can be expected from the health insurance industry as the legislation that passed Congress in March begins to

take effect. Claiming that the provision on child-only plans will detract too much from their bottom line, the insurers are simply dropping the coverage. They have also said that in order to comply with other provisions of the legislation they will jack up premium rates.

The for-profit insurers claim that families with children will wait until they become ill before purchasing coverage, producing a glut of sick youngsters to insure. Announcing its intention to "suspend the sale of child-only policies," Anthem Blue Cross, the largest for-profit insurer in California, stated that the provision "has created an un-level competitive environment."

Cigna spokeswoman Gwyn Dilday told the *LA Times*, "We made a decision to stop offering child-only policies to ensure that we can remain competitive in the 10 markets where we sell individual and family plans." In a statement, Aetna said it made the decision "to protect our current members from significant price increases."

The Obama administration had advised insurers that they could solve the "unfair playing field" problem by issuing policies only during designated enrollment periods. The insurance companies claim that families will try to work the system by shopping around when their children get sick to see which companies are in the enrollment phase.

The White House reacted predictably to the insurers' announcement that it would stop selling the child-only policies. Obama press secretary Robert Gibbs commented at a news briefing, "It's obviously very unfortunate that insurance companies continue to make decisions on the backs of children and families that need their help." The reality, however, is that there is no enforcement mechanism in the health care bill to compel the insurers to issue policies for children.

The Obama administration claimed during the year-long Congressional debate over health care reform that the legislation would ensure that no one could be denied coverage due to pre-existing health conditions. The truth is that the health care overhaul was never designed to improve health care or make it affordable for ordinary Americans, but was tailored to the profit interests of the insurance companies, pharmaceuticals and private hospital chains.

Another provision going into effect on Thursday would prohibit insurers imposing lifetime limits on medical benefits. Also beginning now, insurers will be forbidden to drop sick customers from coverage due to “technical” mistakes on applications.

Insurers are also now required to offer coverage to young people under age 26 on their parents’ policies. Certain preventative procedures must also be covered without co-payments.

The Obama administration says that its cost-cutting legislation will hold down the rise in health care costs to a minimal 1 or 2 percent over the next year. The insurance companies, however, have made it clear that requirements placed on the industry under the new legislation will come at a price—higher premiums and/or reduced coverage.

Karen Ignagni, president of America’s Health Insurance Plans (AHIP), the insurers’ trade group, stated earlier this month, “The new health reform law mandates that health insurance coverage include a wide range of new benefits beyond what many families and small businesses previously purchased.” She added, “It’s a basic law of economics that additional benefits incur additional costs.”

In a letter sent to AHIP on September 9, Health and Human Services Secretary Kathleen Sebelius said the Obama administration would “not stand idly by as insurers blame their premium hikes and increased profits on the requirements that they provide consumers with basic protections,” and said their would be “zero tolerance” for such behavior.

The truth is that the health care legislation gave HHS little power to stop the private insurers from using the new law as a pretext to increase their rates. In her letter, Sebelius cited one of the feeble mechanisms the government would use: posting a record of any “unjustified” premium rate increases for the public to see.

In the case of the child-only insurance requirements, the major insurers have chosen to simply dump policies for new coverage. Even in 2014, when the health care bill will require that all adults obtain coverage, there will be no requirement that insurers offer individual policies for children.



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