

Insurance CEO: Obamacare consumers need to break the “choice habit”

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One of the harsh realities of the health care overhaul is becoming clearer as people enrolled under the Affordable Care Act (ACA) begin to utilize their coverage: virtually every policy covers only a narrow range of doctors and hospitals, or charges steep premiums for the right to go to any provider.

Such “narrow networks” have become the norm of Obamacare coverage, and are taking hold as well in employer-sponsored coverage and Medicaid Advantage. They feature a limited group of providers, excluding doctors and hospitals that patients may have relied upon for years.

The private insurance companies that sell policies on the insurance exchanges set up under the ACA are embracing this shift to the leaner and meaner networks, and telling customers that they need to shed their dependence on “lavish” health plans and wake up to the new reality.

“We have to break people away from the choice habit that everyone has,” Marcus Merz, CEO of PreferredOne, an insurer in Golden Valley, Minnesota, told the *New York Times*. “We’re all trying to break away from this fixation on open access and broad networks.” Mr. Merz and PreferredOne stand to profit handsomely from the cost-savings from shrinking networks, as the insurer has grabbed about 60 percent of the market on the Minnesota Obamacare exchange.

Insurance companies have long sought to restrict patient choices in provider networks, and Obamacare is proving to be the vehicle to make it happen. In the early 1990s, similar attempts to streamline networks and restrict choices ran into resistance. Under the ACA’s individual mandate, however, people who are not insured through their employer or a government program such as Medicare or Medicaid are required to obtain insurance or pay a penalty.

This pool of new customers is a captive audience for the private insurers offering coverage on the exchanges. Many are choosing the least expensive “bronze” plans—which most severely restrict provider networks—because they are the only policies they can afford. The private insurers, however, are presenting the selection and purchase of these cut-rate, narrow network plans as a demonstration of smart patient choice.

Karen Ignagni, chief executive of America’s Health Insurance Plans, an industry trade group, told the *Times* that people “are weighing affordability and breadth of network.” She said, “What we’re finding is individuals are experiencing a preference for affordability.” It is unlikely that Ms. Ignagni, who took home \$1,647,861 in salary in 2011, would have a personal preference for coverage that severely restricts her health care choices.

The size of the Obamacare networks vary from state to state, but many of them exclude at least some large hospitals or doctors’ groups. In New Hampshire, for example, Anthem Blue Cross Blue Shield is the only insurer offered on the exchange, and Anthem has excluded 10 hospitals in the state from its network.

In an appearance before the American Medical Association in 2009, Barack Obama pledged, “If you like your doctor, you will be able to keep your doctor.” This is now clearly proving not to be the case. Compounding the problem, it is often unclear to those signing up for coverage precisely which doctors and hospitals are included.

Obamacare “navigators” are also receiving complaints that insurers are dropping doctors and hospitals from their networks outside of the open enrollment period, stranding people who thought their preferred providers were included in their plans.

The Georgetown University Center on Health

Insurance Reforms noted a case in Georgia where an individual selected a plan because it covered local doctors and a hospital. But when he tried to use his coverage, he discovered that his preferred provider was no longer in the network. “In fact,” the center noted, “the community hospital that acquired all the medical practices in the county withdrew from the network. Now he has a plan that he cannot use without traveling a long distance to see a provider.”

Proponents of President Obama’s signature domestic policy have often hyped as a selling point the guarantee that those suddenly stricken with cancer or another serious disease will not be caught unprepared if they have ACA coverage. As it turns out, many of the most prestigious cancer care centers are excluded from states’ Obamacare insurance networks.

An Associated Press survey found that only four of the nation’s 19 top comprehensive cancer centers are included in the Obamacare networks in the states where they are located. In Washington, Seattle Cancer Care Alliance is not covered by the networks of five of the eight insurance companies participating in the state’s exchange. MD Anderson Cancer Center reported that it was included in less than half of the Houston-area exchange plans.

In New York, Memorial Sloan-Kettering Cancer Center is only fully covered by two of nine New York City insurers. While in Buffalo, the Roswell Park Cancer Institute is only covered by five of the 16 statewide insurance plans.

The case of a cancer patient in New Jersey highlights the nightmares awaiting many as they navigate the Obamacare system. After some careful consideration, Fred Rosamilia and his wife Lynn signed up on January 1 for a “gold” plan with Horizon Blue Cross and Blue Shield for \$800 a month. They also qualified for an \$800 a month government subsidy due to their low income.

The couple believed they would qualify for low co-pays for the many doctor’s visits Fred would be making. He told WPIX, “When we told our doctors we were going to be sticking with the Horizon plan through Obamacare they said, ‘great,’ we participate with Horizon.” So we said ‘home run!’”

But as Fred was recovering post-transplant, Lynn found out that Horizon only participated with her husband’s doctors on the less expensive, higher co-pay

“silver plan.” Lynn said, “I overheard nurses say to each other they can’t touch Fred till we talk to billing. That put me in tears,” she recounted.

The Rosamilias were facing bills for two months of cancer treatment with virtually no coverage. After petitioning through the Affordable Care Act hotline, the couple was finally allowed to switch to the “silver” coverage. Other Obamacare policyholders facing similar predicaments may not be so “lucky.”



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