US health insurance companies reap billions as COVID-19 pandemic inflicts death and destitution

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America's top health insurance companies are experiencing a surge in profits amid the raging COVID-19 pandemic even as the novel coronavirus has sickened or killed a broad section of the population.

The largest health insurance chains, including Anthem, Humana, and UnitedHealth Group, are reporting second-quarter earnings at double the rate from the same period last year. This is mostly due to billions of dollars shed from the abrupt stoppage of medical claims for expensive, elective surgeries and billions of dollars received through the CARES Act, passed in an almost unanimous bipartisan vote by Congress in March.

Most costly operations, such as heart transplants, spinal fusions, and knee replacements, have either been postponed or canceled outright because hospitals have had to concentrate on the influx of COVID-19 patients. Moreover, people have foregone important procedures out of fear of contracting the virus in doctors' offices and emergency rooms. In the month of April, when the pandemic was raging out of control, outpatient surgeries for HCA Healthcare facilities fell by 70 percent compared to April of 2019 nationwide. In-patient admissions have also fallen by nearly a third. HCA is America's largest for-profit hospital network.

Excluding COVID-19 patients, health plans and employers have likewise seen an overall decline in health care use by about 30 to 40 percent, according to Tim Nimmer, the global chief at Aon. Annual costs of patient care are expected to be reduced by about 1.5 percent to 2 percent each month.

One of the highest surges came from Humana, which reported last Wednesday that its net income rose to $1.8 billion for the second quarter of 2020, compared to $940 million for the same quarter of 2019. The pharmaceutical giant Cigna also raked in a higher revenue stream, with its adjusted revenue at $39.8 billion dollars for the second quarter, with $1.8 billion in net income gobbled up by shareholders alone.

Last Wednesday, the retail pharmacy chain CVS Health, along with its subsidiary Aetna, a major insurer, posted far higher earnings than it did a year ago. Its net income for the second quarter reached $3 billion, an estimated $1 billion more than it reported for the same period of 2019, on revenues of $65 billion.

Other health insurance corporations are also celebrating monumental windfalls. This includes Anthem, one of the largest for-profit health insurance companies, whose net income soared to $2.3 billion for the second quarter from $1.1 billion in 2019. UnitedHealth reported net earnings of $6.7 billion, compared to $3.4 billion for the same three months last year.

Due to the extraordinary decrease in costly procedures, these firms have been able to circumvent federal health care laws that require a percentage of the revenue they generate from customers' premiums be spent on medical expenses. Most companies must spend approximately 80 to 85 cents per dollar in premiums on health care coverage. The remaining15 to 20 percent is all they are allowed to spend on administrative costs like marketing and consume as profit.

Insurers are currently spending a far smaller portion of their premium revenue on their customers' health care costs. CVS, for example, said in its quarterly report that their medical-benefits ratio was 70 percent for the quarter, compared to 84 percent in the same period of 2019. This has translated into millions of dollars in surplus profit for wealthy executives and major shareholders.

Typically, health insurance companies have also been required under the Affordable Care Act (ACA) to pay out billions in revenue to small businesses and individuals. The Obamacare law, however, grants a three-year window for companies to calculate how much they are required to return.

Nonprofit insurance companies, especially the ones under Blue Cross health care plans, are also witnessing much higher profit margins. While the ACA stipulates that they too are required to pay out a significant amount of revenue through rebates, they can swallow any additional surplus into their capital reserves.

For the companies that own some of the larger pharmacy benefit managers, such as UnitedHealth, there is no limit on how much their networks of doctors and healthcare businesses as well as benefits managers can make. Michael Turpin, a former executive and vice president of USI Insurance Services told the *New York Times* that the massive profits being reported, "don't give an accurate picture of how much money they are making for the insurers."

Doctors and hospital managers are becoming increasingly concerned over the accelerated profits for insurers and the limited accountability that they are facing in their haphazard strategies for addressing the coronavirus pandemic. Colleen M. Byle, a financial officer for Montefiore Medical Center in the Bronx, which has treated more than 10,000 COVID-19 patients, told the *Times* that insurers have been given exceptional leeway to profit while doing nothing about health concerns. "The government has been funding the providers significantly ... insurers should be sharing that burden, and they haven't been."

While the ruling-class has welcomed the pandemic as a profit-making opportunity, suffering for the working-class is reaching unprecedented levels. An estimated 5.4 million American workers have lost their health insurance between February and May from layoffs, according to several research studies on the loss of worker-employed health care plans. The Kaiser Family Foundation estimates that about 27 million in total are at risk of losing coverage by the end of the year. This would leave millions vulnerable to serious illness and death from COVID-19 or pressing health concerns that would make paying medical bills impossible.

In contrast to large insurance companies, small medical facilities and rural hospitals have struggled to remain open and operational since the pandemic erupted in mid-March. Many small hospitals across the country are on the verge of financial ruin because of the cancelation of elective procedures, one of their few sources of dependable revenue, and have been largely left out of the CARES Act bailout.

In early April, Decatur County General Hospital, the only hospital in rural Decatur County, Tennessee, home to about 12,000 people, was forced to shut down due to the expanding threat of the coronavirus. Most non-essential businesses in the county were already closed because of COVID-19. The hospital's closure created a huge economic toll in the region, as the hospital was one of the county's largest employers and wiped out more than 100 staff virtually overnight. The hospital's human resources director, Melinda Hays-Kirkwood, told NPR, "for some people, this has been their only job out of college. It's hard on these employees that have been here a long time."

In Williamson, West Virginia, Williamson Memorial Hospital shut its doors in late April. The hospital—one of many chronically underfunded and understaffed medical facilities in rural areas—had filed for bankruptcy last year before the pandemic made it incapable of remaining open. The facility was the only hospital in the coal mining community of Mingo County and had provided treatments for miners afflicted with black lung or injured while laboring deep underground. In recent years, with the collapse of mining in the region and the accompanied social and economic decline, the hospital had been a lifeline for patients who have overdosed on opioids and other drugs.

A research study published by the University of North Carolina found that 172 rural hospitals across the US have been shut down since 2005.