



Physicians Caring for Texans

In regard to the ongoing health insurance reform debate taking place in our country, the 44,000 physicians and medical students of the Texas Medical Association would like to emphasize that members of our profession hold ourselves to the aspirations expressed in the principles of medical ethics. Among those principles are two that are particularly appropriate now:

- A physician shall respect the law and also recognize a responsibility to seek changes in those requirements which are contrary to the best interests of the patient.
- A physician shall support access to medical care for all people.

Keeping in mind that physicians should advocate for the well-being of their patients, TMA offers the following insights to the honorable members of the United States Congress.

Insurance Market Reforms and Consumer/Patient Protection

TMA supports prohibitions in the Senate Finance Committee Chairman's Mark and in HR 3200 on insurer rescission of health insurance coverage and on preexisting condition policy exclusions. These changes are necessary to ensure that consumers who buy health insurance coverage keep that coverage when they need it most. Applications for health insurance can be very detailed and confusing. Health insurers rescind insurance policies upon discovery of alleged misrepresentations in the initial application that they relied on in the decision to issue the coverage. When insurance coverage is rescinded as a result of a misrepresentation on the application, the premium paid to that point in time is refunded and all coverage is rescinded, leaving the patient solely responsible for the payment of health care services past and present. Health insurers today can rescind coverage based solely on honest mistakes or misunderstandings in the completion of insurance applications. Prohibiting rescission based on subjective health plan criteria is a positive step toward protecting the health coverage our patients have purchased.

If prohibiting insurance rescission in its entirety fails, at a minimum, Congress should require an independent third-party review of the insurer's decision, permitting rescission only when the carrier can show an intent to deceive or fraud when the consumer made the application.

The prohibition on policies that contain a preexisting condition exclusion is another good first step in allowing more consumers to be eligible for health insurance. Otherwise, patients are left to expensive "safety net" measures such as high-risk pools.

Transparency and Standardization of Consumer Disclosures by Insurers

TMA supports the concepts expressed in the Chairman's Mark and Senator Rockefeller's Informed Consumer Choices in Health Care Act of 2009 (S 1050), which is co-authored by Representatives Rosa DeLauro and Allyson Schwartz (HR 2427). These pieces of legislation would require that insurers provide consumers with uniform, meaningful, and actionable information about their products.

Purchasing health insurance coverage today is increasingly complex. Health insurance companies offer a wide range of plans with different benefits, exclusions, and costs. It is nearly impossible to decipher a health insurer’s sales literature then figure out how to make a direct, product-to-product comparison.

Employers and patients need accurate, current, and honest information on copayments, deductibles, and health plan networks to make decisions in today’s health care market. The real need for this information is not when patients are sick or injured, but rather when American businesses and their employees are shopping for health insurance coverage.

As an example, standardized and reliable nutritional labeling has made it much easier for patients to make better food choices. Through the use of standardized labeling, consumers can examine 20 different boxes of cereal and easily compare the product ingredients (benefits), and other facts such as the number of calories and percentage of fat, sodium, sugar, or protein. TMA believes the same standardized system could aid employers and patients when shopping for health insurance. The “health insurance product label” would enable employers and patients to compare health plans easily based on standardized measures of value. Indeed, we supported such a proposal in the 2009 Texas Legislature.

Late last year, TMA officials traveled across the state and talked to editorial boards, Rotary clubs, and chambers of commerce to discuss TMA’s legislative agenda. Among the many items discussed, the insurance facts label captured the public’s attention. In every part of the state, this concept was found as a novel and needed solution to simplifying the purchase of health insurance coverage. In fact, the *Houston Chronicle* and *The Dallas Morning News* both wrote large editorials endorsing the proposal, printing a sample of the label itself because of its elegant simplicity.

People were intrigued by this idea because currently, most of the important benefit and coverage information is lost in “fine print.” Employers and patients need to know what is in the fine print. The label concept enables them to make good purchasing and health care decisions.

Insurance Facts	
PLAN I (HMO)	
Monthly Premium	\$276
Percent of Expense Paid by Plan In-Network	82%
Percent of Expense Paid by Plan Out-of-Network	xx%
Annual Out-of-Pocket Expense (est.)	\$585
Your Total Annual Cost (est.)	\$3,897
Justified Complaints	
Premium to Direct Patient Care	
Expected Profit	
Benefit Levels	
Annual Deductible	\$0
Annual Family Deductible	
Annual In-Network Deductible	
Annual Out-of-Network Deductible	
Out-of-Pocket Maximum	\$3,000
Office Visit Copay	\$25
Rx Copayments	\$10/\$30
Rx Brand Name Deductible	\$250
Lifetime Maximum	Unlimited
Emergency Room Visit Copayment	20%*
Number of Electric Wheelchairs per Lifetime	
Outpatient Surgery Copay	\$250
Inpatient Cost Sharing	\$250/day**
*Your share of the negotiated rate.	
**Up to four days, then no charge.	

Community stakeholders also found the insurance facts label appealing. It gave them ready access to important information that normally is not available or hard to locate. TMA urges congressional leaders to consider the insurance label transparency. As envisioned by TMA, the label may look something like the graphic above or similar to the label in Senator Rockefeller’s, Representative DeLauro’s, and Representative Schwartz’s proposal.

Interstate Sale of Health Insurance

On the surface, interstate sale of health insurance would seem to be a panacea for the problems facing consumers. However, a closer look begs the question: If the policy information is standard and the policy provisions standardized under bronze, silver, gold, and platinum coverage, as suggested in the Chairman’s Mark, is there really a need for across-state-lines shopping as the products would essentially be the same by 2013?

TMA is concerned that the new compacts and interstate enforcement would actually create questions of jurisdiction and leave patients in some states without recourse from their elected state officials in the executive and legislative branches. What is also disconcerting is that there is no mention of how ERISA health plans would be regulated. Would ERISA plans be called upon to provide coverage in the same manner as individual and small group plans? There is little in existing proposals to explain how this large marketplace for health insurance would be held accountable in this reform effort, if at all.

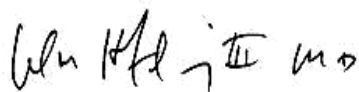
Medical Loss Ratio

For many employers and their employees, yearly health insurance premium increases are unsustainable. No one feels this challenge more acutely than small businesses, which, as you know, are the largest generators of new jobs today. We see this problem quite acutely and personally — physicians are paying more money each year to provide health insurance coverage for our employees. We also know that patients now pay more money out of their own pocket for their health care, and they pay more for health insurance. However, what we don't know is this: How much of the health insurance premium dollar is actually going to direct patient care services? We urge Congress to look at the medical loss ratio language found in S 1050 and its companion HR 2427. In addition, it is important to standardize the formula for calculating the medical loss ratio to permit company-to-company comparisons.

The physicians of Texas appreciate the Chairman's Mark and HR 3200 for identifying the importance of the medical loss ratio to quantify the proportion of the premium dollar that actually goes to health care and provide accountability in the operation of an insurance product. We urge Congress to consider rebating inappropriate insurance profits to consumers.

Thank you for any consideration you give our comments and suggestions. The physicians of Texas stand ready to help our patients — your constituents — obtain the health insurance coverage that meets their needs and keep it when they need it most.

Sincerely,



William H. Fleming III, MD
President

Cc: The Honorable Members of the Texas Delegation to the U.S. Congress
The Honorable Barack Obama