

There is a lot of discussion about the problems of the UN-insured, particularly as we head into an election year. I wanted to take this opportunity to address another issue that get's lost in the mix; the problem of the UNDER-insured.

Over the past few months, I have observed individuals and families that are facing significant medical circumstances. That's the bad news. On the other hand, these people are properly insured and while this does not mitigate the pain and frustration that they feel, it achieves the desired objective of managing risk in such a way that they are not financially devastated as a result of the medical crisis that they are facing.

I have always promoted the idea that "suitability", not cost alone, should be the primary basis for how one chooses to manage risk. Specifically, I endorse the idea of being properly insured and acknowledge that "proper" is a moving target. After all, each of us face circumstances that uniquely are own and that change over time.

We live in the era of "CONSUMER DIRECTED HEALTH", but frankly, lack a clear definition as to what this actually means. I have always held to the belief that consumer directed health is simply the right coverage for the right price (<http://www.axisinsurance.com/content/?/ourview/>).

Medical and Health Savings Accounts, Flexible Spending Accounts and Consumer Directed High Deductible Health Plans (CDHP's) are the theme of the day, particularly among politicians. Here's the deal...we need to be properly insured. This means self-insurance as appropriate, and traditional or "fully funded" coverage when the potential risk of loss exceeds our reasonable ability to fund these exposures.

As most of you know, we have been discussing Health Savings Accounts and other coverage scenarios with you for the past few years. I have not, however, jumped on the band-wagon nor have I urged you in this direction. In fact, I continue to maintain that the concept of high deductible insurance, as it is currently discussed, is immature and largely untested.

I maintain that some of the consumer directed approaches to health insurance are interesting as concepts but somewhat ahead of their time. Consequently, the vast majority of employers that I am advising are utilizing traditional approaches to health insurance. The challenge therefore has not been the choice of coverage's, or even whether or not to offer coverage, but the insurance company that is underwriting the risks that we are insuring against and the funding mechanism to make such a program viable (i.e., contribution scenarios).

There is no argument that the cost of insurance is rising. The challenge is receiving value for the money that we spend. Some would argue that America's health care system is broken, while others point to our quality of life and medical advances, as the basis for confidence in the very system that has become the spring board for a national debate.

The vast majority of American's obtain coverage through employer-sponsored plans with the employers, not the insured, bearing the majority of the costs for such coverage. That's OK though since informed employers see this as a cost of doing business.

Some would argue that employer's need to step up and assume an even greater percentage of these costs. Others are even proposing that employer's should be

compelled to offer coverage, if not directly, then as a result of a compulsory payroll tax to fund a "national" system.

As an insurance advisor and business owner, I stand against the notion of forcing an employer to provide coverage to his or her employees. I believe that the market is king; if the employer needs to retain and keep staff, then benefits can play an important role in accomplishing this objective. On the other hand, if despite a high rate of employee turnover, a business can continue to compete in their respective industry, while operating efficiently, then insurance benefits may or may not be a major factor. Again, the market dictates....This is how it should be.

This would seem an appropriate time to point out that while I oppose government mandates on employers with respect to whether or not they offer coverage options to their employees, I am supportive of state programs to cover children, even if such programs are partially subsidized by our tax dollars and in fact, I have been actively promoting the CA Healthy Families Program for the past several years. I will continue doing so for the foreseeable future.

At this point, I am going to move the discussion in the direction of employers that place high value on staff (whether motivated by social or competitive factors) because they have concluded that there is a direct correlation between their employees and their ability to succeed. In this arena, under-insurance becomes critically important.

The main problem with UNDER-insurance is the effect on the insured. People that are under insured generally delay diagnostic and treatment visits due to cost. In other words, they delay or forego altogether, necessary health care services because of concern over out of pocket costs. This is a major problem because it can lead to more serious health issues down the road.

From the employer's perspective, this is a concern....after all, chronic conditions are expensive FOR EVERYBODY. The under-insured are more likely to be hospitalized with illnesses that could have been prevented. Also, their prognosis is generally poorer.

UNDER-insurance can lead to unnecessary ER visits, unnecessary hospitalizations, cancers diagnosed in their later stages and ultimately, increased mortality. Suitable coverage should compel the insured to adopt a preventive mindset with an emphasis on wellness. Prescription drug coverage should be comprehensive and unlimited. Deductibles should be affordable, in relative terms, and access to providers should be unrestricted.

In conclusion, UNDER-insurance represents a substantial public health problem with broader implications on the health and wellbeing of a significant number of Americans.

As an insurance advisor, my firm is committed to helping you implement and maintain suitable group insurance programs. Please take a moment to drop in and look around: <http://www.axisinsurance.com/content/?/company/>.

