



SOCIETY OF ACTUARIES

Article from:

# The Actuary

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Letter To The Editor

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# LESS THAN IDEAL

## EDITOR OF THE ACTUARY,

I would like to address a statement made in the captioned article “Responsible Health Care Reform Part 2: Access to Care,” found in the April/May 2010 issue of *The Actuary*.

The article states that “Because of HIPAA, any person who is covered for at least 18 months under a group or individual health care plan **has a right to maintain continuous coverage without ever again being required to undergo assessment of health status (underwriting)** or facing new limit on pre-existing conditions.” **(emphasis added)**

It is my understanding that HIPAA and most (but not all) states do not prohibit health insurers from requiring health status assessments (underwriting) for all individual and small group health insurance applicants—even individuals and small groups applying for alternative health care policies from their current insurer. While the 18 months provision will provide guarantee issue rights, there is no protection against a health insurer’s requirement that individuals submit to health status assessments for the purpose of rate setting and for substantial policy exclusions with respect to individual health insurance plans. It has been my premise and contention that precisely because of this lack of underwriting protection, the health insurance industry has been successfully (justifiably?) vilified and our already overly debt-laden government passed health care reform that further expands government intrusion, threatens the insurance industry itself, and imposes requirements that further threaten our nation’s financial condition. If the health insurance industry would have proactively addressed this substantial defect in insurance protection, we

would have likely avoided what I believe is a financially catastrophic reform in access to health insurance that is now the law of the land. Thank you for the opportunity to comment (vent?).

Best Regards,

**Jim Galasso, FSA, MAAA, CERA, President & Consulting Actuary**

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## REPLY FROM AUTHORS OF THE ARTICLE:

The statement in the article is accurate, but as Mr. Galasso points out, there is no doubt that the current situation is less than ideal. The way the right can be exercised varies by state from the extreme of being guarantee issue by any carrier writing individual health insurance in the state, to only accessing the state high risk pool as the insurer of last resort. The individual can purchase insurance without a new pre-ex and without exclusionary waivers through the appropriate mechanism in his/her state, but, as stated in the article, coverage may well be unaffordable. A useful guide to understanding the options by state can be found at: <http://www.healthinsuranceinfo.net/>.

Our article was written prior to passage of PPACA. PPACA will change the rules significantly, certainly beginning in 2014 when guarantee issue becomes the law of the land. In the short run, funds allocated under PPACA to support high risk pools will also provide another option to some people seeking to purchase insurance.

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