



SOCIETY OF ACTUARIES

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# A Very Complex Topic

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Over the four years that I have been editor of Health Section News many bright actuaries have submitted detailed and objective articles that help us manage health benefit and health insurance systems more effectively. However, healthcare is not an objective topic when you or a loved one is the patient. I know you all have experiences with miracles or horror stories of the healthcare system. A recent experience has caused me to ponder the system as well.

On Sunday, July 6, 2003, a close friend of our family (we'll call her Jane) received a kidney and pancreas transplant. Jane was 52 years old and had been a diabetic since she was 14. Both her kidneys had failed by the time she was 37 years old, and her sister donated a kidney to her

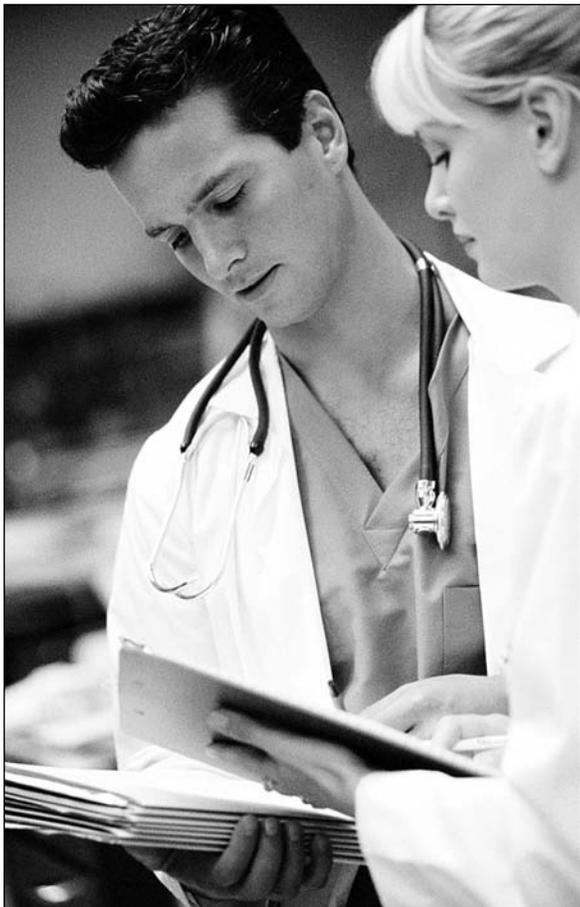
through a transplant 15 years ago. After 13 years the transplanted kidney failed, as is quite common among diabetics. She has been living with no kidney for the last two years, surviving through dialysis, and waiting for a transplant. While Medicare probably covers a large portion of the dialysis, other treatments over the past two years and the transplants will probably add up to close to \$1,000,000.

As a juvenile onset diabetic, Jane has been uninsurable for 38 years. I think she's a world's expert on the health insurance system in the U.S. Prior to HIPAA, she was able to remain covered through her employment or her husband's employment with large employers. Most recently, a large U.S. company employed her for about two years, and I believe they have paid the majority of her recent claims. I'm sure they are aware of the situation.

Clearly, this transplant is a great thing for Jane. If both organs become functional, and things are looking good, she will no longer be a diabetic. However, the cost is astronomical, and is being born by one employer. Jane was very skillful and motivated to extend her life. Her most recent employer was stuck with the bill. That's the way the game is played in the United States.

However, many employers and insurers are taking steps to protect themselves from these types of claims. Many employers are adopting severe limitations on benefits. If Jane was having her transplant five years from now, she might not be so fortunate.

Healthcare financing has some interesting years ahead. By the way, the donor was a 15-year-old girl. ❧



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