The Atlanta Journal-Constitution

Delaware right to regulate discount medical plans

By: Tom Sabulis
The Atlanta Journal-Constitution

Under the new federal health care law, health insurers must spend at least 80 cents of every dollar they collect in premiums on patient care. Some insurers say their efforts to prevent fraud should be considered patient care and count as part of that 80 cents.

Should insurers' anti-fraud efforts be classified as patient care?

Yes

Combating insurance criminals protects vulnerable patients from swindles that jeopardize people's health and well-being. Fraud-fighting is an essential health-care function that deserves optimal resources. Dishonest doctors perform needless surgery to steal insurance money. Angioplasties, heart surgeries, skin procedures, ear operations and painful root canals are among the procedures that swindlers have inflicted. Cheating medical providers also cut corners on legitimate care to hike insurance billings. One doctor even diluted cancer drugs given to patients. Crooked doctors also prescribe excessive levels of addictive drugs to reap insurance payouts. Thus, fraud helps perpetuate a drug-abuse epidemic that's a virulent threat to patient health. Thieves steal patients' sensitive medical information and may alter records that provide life-saving information about the true patient in an emergency. Insurance fraud is literally sickening. Labeling fraud-fighting merely as an administrative expense will discourage insurer investment in combating this crime. Mandated cost allocations should ensure premium dollars help fight swindles and heal people, not line the pockets of crooks.

No

William S. Custer, Director, Center for Health Services Research, Georgia State University

The law is intended to ensure consumers benefit from the decreased administrative costs of providing insurance after health reform. The issue revolves around definitions of fraud and health care quality assurance. Fraud involves lying to extract money from an insurer, increasing insurance costs and, therefore, premiums. Low health care quality also may increase costs, but it results from inappropriate care. Fraud prevention is traditionally categorized as an administrative expense. Health care quality assurance is more appropriately included as a claims expense.

To see how the upcoming 80 percent mandate might affect insurers selling individual plans, it helps to look at insurers currently selling small group coverage to firms with 50 or fewer employees.