

## Health Care Reform Update Insurance Industry in the Crosshairs

It was only a short time ago that President Obama stood on a stage surrounded by insurance industry executives and lauded their efforts and commitment to reforming the health care system and cutting costs. Fast-forward a couple months and liberal Democrats are calling these same insurers “villains” and “immoral.” What happened?

Well, after a surprisingly civil start, the health care debate has officially turned ugly. It seems that slipping poll numbers, fading momentum and declining approval ratings have led Democrats to “re-frame” their argument, casting the insurance industry as the “villain” and taking shots in the media and at raucous town hall meetings. In fact, many Democrats are not even calling it “health care reform” anymore, rather now referring to “health insurance reform.”

The change worries lots of health care experts, because it seems to signal that Obama has tabled efforts to bring exploding health care costs under control, and instead will settle for only expanding coverage to the uninsured. According to BusinessWeek, economists are almost all in agreement that covering the uninsured without addressing cost controls will create an even larger fiscal mess.

Here are some of the comments that Obama and Congressional Democrats have made to the media in recent weeks:

***President Obama has called the insurance industry “meddling bureaucrats” and has repeatedly said a public option is needed to keep insurance companies “honest.”***

***Speaker of the House Nancy Pelosi (D-Calif.) recently called insurers “villains” and “immoral.”***

***Senator Max Baucus (D-Mont.), chairman of the Finance Committee, said after an Aug. 4 meeting in the White House that “too many companies are taking advantage of way too many Americans.”***

***Baucus perhaps provided a window into the Democratic strategy when he said “Polls show that when American people understand that much of this is reforming the insurance industry ... it’s very popular.”***

***The industry is answering back, reminding the public that it’s in favor of major changes and has been since before the congressional session began. Karen Ignagni, president of America’s Health Insurance Plans (AHIP), responded to the accusations of villainy the insurance industry has been facing, saying the campaign “to demonize health plans...is the same old Washington politics of ‘find an enemy and go to war.’”***

**Associations Defending the Insurance Industry from Attack:**

**CAHI: Health Insurers are Not the ‘Problem’**

**AHIP’s Campaign for an American Solution**

So why has our industry been targeted? Some might point to the tens of billions in annual revenues. Last year, UnitedHealthcare took in about \$81.2 billion in revenues, WellPoint saw nearly \$61.6 billion, with Aetna taking in nearly \$31 billion and Cigna about \$19.1 billion.

As for profits, however, the figures are far lower. Publicly-traded insurers had more than \$11 billion in profits overall in 2008. Contrast that figure with the \$35 billion profit reported by the five largest U.S. pharmaceutical companies in 2008. It took these five companies just over three months last year to generate the same amount of profits as the entire health insurance industry did for the whole year.

So is the American public in agreement that the insurance industry is to blame for our health care woes? Not exactly. A Rasmussen Reports survey found that 25 percent of respondents agreed with Speaker Pelosi that health insurers are “villains,” though 37 percent disagreed and another 38 percent weren’t sure.

**Stay tuned to the SMS Newsletter for future updates on this important issue in our industry.**