Testimony of Ben Lindner
Before the
Senate Select Committee on Aging
April 3, 2008
Scrambling for Health Insurance Coverage:
Health Security for People in Late Middle Age

Good morning Chairman Kohl and Senators. Thank you for the opportunity to testify before this committee.

It is my hope that my testimony may shed some light on the challenges faced by small business owners and more mature Americans in obtaining health insurance. I would particularly like to highlight difficulties faced by those with pre-existing medical conditions concerning the accessibility of health care insurance. I would also like to touch on the challenges that we as consumers have experienced in accessing insurance benefits.

By way of background, my wife and I founded a small business in 1993 and live and work in Central Oregon. We have had one health insurance provider supplied through our business and one type of policy since 1993. Prior to 1993 we had been continuously insured through previous employers or personal policies.

In 1993 when we contracted for our small business insurance policy our annual out of pocket expenses, including premiums, were approximately $5,000.00 combined.

Today we have the same healthcare policy. However, our annual expenses are about $21,600.00. This works out to $5.19 per hour per person in healthcare costs. From a national perspective I believe that this level of cost constitutes a significant disincentive to employing mature workers. Mature workers raise the average age and corresponding healthcare costs of a company's workforce. Businesses then have further incentive to retire older workers and staff with younger employees or to outsource.

Every year at our policy renewal period we search for better rates from other insurance providers. Unfortunately the market is such that health insurers now pick and choose whom they wish to insure, rejecting any potential client that they view as unprofitable.

I have psoriasis and psoriatic arthritis, chronic inflammatory diseases that affect my skin and joints, 7.5 million other Americans suffer from these conditions. If my psoriasis were not treated my ability to work would be severely impacted. My business partner and wife Leslie has cancer. As a result of these pre-existing conditions we are simply uninsurable through any means other than continuing the business policy that we have had for 15 years. Frankly we are thankful that we can obtain this insurance coverage at *ANY* price. We are in fact captive not only by our insurance company but to staying in business in order to maintain our coverage.

We are lucky to have access to excellent medical care in our area. Unfortunately the barriers to accessing that care erected by our insurance company are formidable. The amount of time invested by us in resolving claim issues and by our healthcare providers in justifying treatments and prescriptions represents a significant burden and expense to all of us. I believe that the tug of war between our healthcare providers and our insurance company is responsible for a substantial portion of the cost of care. The expenditures in time that we as consumers make in this area are tremendous. My wife has been on a first name basis with claims representatives at our insurance company for five years since her diagnosis.

An example of the frustration connected with these methods of operation occurred when Leslie was recently diagnosed as being in renal failure. Her physician ordered an immediate MRI. Our insurance company initially refused coverage for this test. We assumed financial responsibility and had the test performed. Some time later the insurance company reconsidered and approved the claim.

Regarding prescriptions, our insurance company's adherence to Nancy Reagan's policy of "Just say no to drugs" can be relied on to reject any prescription other than the most routine generic drugs. Remarkably, even after an appeal processes in which coverage has been granted, a subsequent refusal may occur.

Our insurance company utilizes exceptionally complex formulas for calculating drug co-pays. This allows assessments of co-pays for cost differentials for branded drugs that are four times higher or more than what is represented and what would be expected.

The healthcare cost system in general is so complex and obtuse as to be indecipherable to even the most sophisticated consumer. This is because of the practice of cost shifting to the insured by providers. As an example, I compared the costs of a procedure recently. An uninsured individual was charged $1,000. An insured individual was charged $700. The same procedure at a clinic that

does not accept insurance costs $175. I think tiered pricing should be eliminated and cost information readily available to consumers.

A structure in which an insurance company can arbitrarily choose to exclude all those but their most desirable risks is really the antithesis of what insurance is. We need inclusive access for all people, not exclusive acceptance. In short, we need all Americans to be insured.