

OBAMA'S UNFAIR CRITICISM OF INSURANCE COMPANIES

By Woodrow Wilcox

Recently, Obama has been criticizing insurance companies. He has claimed that insurance companies make huge profits on health insurance. He has claimed that insurance companies charge for doing administrative work that has nothing to do with health care. To people who don't know the details of the health care system, Obama's claims may sound good. But, a closer examination of the facts will prove that Obama is wrong.

In recent weeks, both the Wall Street Journal and the Associated Press have published stories giving the facts about health care insurance profits or lack thereof. Part of the headline of an article by Brett Arends in the Wall Street Journal read "INSURERS' PROFITS ARE SO SLIM, IT WOULD BE HARD FOR HEALTH CARE REFORM TO WHITTLE THEM FURTHER".

The Pulitzer Prize winning website POLITIFACT (www.politifact.com) called Obama on a false statement about insurance company profits last July.

On the other hand, an Associated Press story by Hope Yen about a government report that was just released exposes the fact that the MEDICARE system alone paid \$47 billion in false or questionable claims in fiscal 2009.

Because I write articles about Medicare problems and have edited studies on Medicaid and the VA system, people send me information about problems in the system. One fellow from California who works for a billing service that deals with MEDICAL (California Medicaid) told me that he noticed suspicious billing. He created a program to spot suspicious billing and found over \$2 million of questionable bills in a six month period. He brought the evidence to his supervisors, but they were not interested in contacting authorities because it was a small figure in percentage terms and they did not want the extra work. Based on what the informant told me, I extrapolated that suspicious claims in the MEDICAL system might be costing California taxpayers over \$12 billion per year.

In the same government report, the Medicaid program for the poor spent \$18.1 billion on false or suspicious claims. Also, the report reveals that the government agency over Medicare ignored internal watchdog or whistleblower warnings about fraudulent or suspicious billing.

Suspicious, false, and fraudulent claims cost billions of dollars per year in higher federal and state taxes.

Insurance companies must follow the laws and regulations on health care. Yes, there are administrative costs. But, almost all the administrative costs associated with health care insurance relates to complying with federal and state laws. When a suspicious or false claim is approved by Medicare, the insurance company that sold a Medicare supplement insurance policy must pay its share of the claim even if it believes that the claim is false.

In the Medicaid system, government policy “arm-twists” doctors and other medical service providers to take less than a standard fee for services. This government policy has made many doctors reluctant to help Medicaid patients because they can not even charge the government what they need to “break even” on their costs. This lack of available doctors has driven many poor people to overflow and overwhelm hospital emergency rooms. The hospitals don’t get paid by Medicaid what they need to “break even”. So the hospital increases charges for people who have insurance to make up the difference. This results in higher claims paid and premiums charged by insurance companies. Again, it is a government policy that creates the problem.

If we really want to fix the health care system and reduce costs, we need to work on fixing the government side of the problem first because that is the biggest source of problems. If Obama and his allies in Congress impose a national health care system that is based on the current systems, the problems will get worse and costs will rise even more.

In past articles, I have estimated that erroneous medical bills that are caused by mistakes at Medicare cost senior citizens in the U.S. **OVER ONE BILLION DOLLARS PER YEAR IN FALSE CHARGES.** That estimate is based on my experience in helping senior citizens to correct bad medical bills at the insurance agency where I work. The source of these wrongful charges is mistakes in the Medicare system.

If you think that health care is expensive now, just wait until the federal government makes it “free”.

Written on November 16, 2009.

Copyright 2009—2014 Woodrow Wilcox

www.ObamacareHurtsSeniors.com