



Written by [Steven J. DuBord](#) on August 5, 2009

Health Insurance Lobby Speaks Out

Karen Ignagni, president of America's Health Insurance Plans, told reporters during an August 4 conference call that critics of private health insurance providers are engaged in a campaign to "demonize health plans." Ignagni called this is "a major step back" for healthcare reform efforts, the Washington Post reported that same day.

"For a country that's trying to accomplish what it has failed to do for a century, namely pass health-care reform, the same old Washington politics of 'find an enemy and go to war' is a major step back, not a step forward," Ignagni said. "This is the playbook of consultants, not consensus."



Speaking on behalf of the nation's leading health insurance lobby, Ignagni vowed to "set the record straight about our community's contribution to the reform effort." She declared that the month of August will be a crucial time for the healthcare reform process, and repeated her group's opposition to a government-run insurance plan. Ignagni pointed out that a public insurance option would bankrupt hospitals, drive private insurance companies out of business, and break Obama's promise that people will be able to keep the coverage that they like.

Playing off the thought that President Obama favors the public plan because it will lead to single-payer, socialized medicine, Ignagni said that this possibility should be discussed openly if that is truly the intent. She gave no hint whether the private insurance industry would launch an ad campaign such as the "Harry and Louise" commercials that hurt President Bill Clinton's healthcare overhaul plans some 15 years ago.

America's Health Insurance Plans has actually embraced some of Obama's proposals, such as not denying coverage based on preexisting conditions and not tying premiums to a person's health status. The group also supports the idea that every American in the country should have health insurance coverage, something that would incidentally expand the customer base for private insurers. On the other hand, AHIP wants individuals to be able to buy insurance outside of the proposed health insurance exchange, an option that would preserve some consumer choice in coverage.

So far, the private health insurance lobby has focused its advertising on reform proposals that it agrees with rather than the ones it opposes, and Ignagni gave no indication that this strategy would change. Perhaps the industry should consider that if it doesn't speak up now, it may be too late.

The combination of ignoring preexisting conditions and not charging higher premiums to those who have greater health risks would destroy the very concept of insurance. Premiums would no longer be less for those who have less risk, such as healthy young adults, and higher for those who have greater risk, such as smokers and heavy drinkers. Instead, the healthy would pay for those who make greater use of medical services, and those who are increasing their own risk would get off cheaply.



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Insurance premiums would amount to no more than prepayment for services, and even the healthy would eventually realize that they better get their money's worth because they are going to pay the same whether they see the doctor once a week or once a decade. Doctors and hospitals can expect to be overloaded, and patients can expect to wait a long time for service.

Obama likes to talk about the cost savings from prevention, but when no one pays a penalty for increasing their own health risks, no one has any financial motivation to change unhealthy behavior. Everyone who has a good driver discount for auto insurance ought to think how they would feel if that discount were suddenly taken away and everybody from the most cautious driver to the drunk driver paid the same. That's how the healthy person will feel if Obama manages to drive his reform proposals through Congress.



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