



For Immediate Release
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**Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding Covering the Uninsured: Making Health Insurance Markets Work**

Let me begin today with the story of a young man named Jason. Jason is 30 years old and lives in New Mexico. He works as a hotel manager for a chain that does not offer health benefits.

Last year, Jason temporarily lost his eyesight. The doctors said that type-two diabetes was the cause.

After that, Jason applied for health insurance on his own. The insurance companies turned him down.

Shortly after that, a serious case of the flu sent Jason to the hospital. His bills added up to \$20,000. And that's a lot of debt for Jason to handle on a hotel manager's salary.

Sadly, Jason's story is not at all unusual.

States are the primary regulators of the individual health insurance market. But without strict rules, insurance companies can and often do avoid risk by denying coverage to people who have health conditions — like diabetes — or a history of health problems. Insurance companies often deny insurance to people who have had cancer, for example, until they show years of remission.

Women often fare worse than men in the individual insurance market. New research shows that insurance companies often charge women much higher premiums than men of the same age and health status. And in some states, insurance companies can deny women coverage if they've had a caesarean section.

Some states have stepped in to make insurance policies more available. But insurance companies can still charge sky-high premiums that hobble family finances.

Let me read from a letter that I received from Ken and Shirley Wegner, who are sheep ranchers in central Montana. They wrote:

“The insurance we managed to secure has a \$5,000 deductible and a co-pay meaning we will owe another \$5,500. But we feel fortunate. Until June of 2005 we were paying nearly \$1,000 per month for a policy with \$10,000 deductible and co-pays.”

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The Wegners — both middle-aged — say that they are looking forward to when they can get Medicare. They believe that their situation “isn’t near as bad as younger people who own small businesses, work for companies that don’t pay insurance or are in agriculture.”

Like Jason, the Wegner’s story is all too common.

According to a recent Commonwealth Fund study, three out of five working-age adults found it difficult or impossible to find affordable coverage. Insurance companies turned down one out of five people who applied for individual coverage, due to pre-existing conditions. And almost nine out of ten working-age adults who sought coverage in the individual market from 2003 to 2006 ended up never getting insurance.

Clearly, the individual market for health insurance is broken.

In group markets, Congress has enacted several laws to govern insurance practices. But small companies who want health coverage for their employees still have to struggle mightily to offer insurance.

At our June 10 hearing, Ray Arth, the owner of a Midwest faucet company, told us that he has always provided health coverage to his employees. But offering coverage has become increasingly difficult, because his employees are aging, and premiums have grown.

Even after switching everyone to a high-deductible plan, his company’s premiums increased by more than 30 percent in one year, because one of his employees became seriously ill.

The insurance market for large groups appears to work better. That’s because large groups naturally spread the risk. But I often hear from large employers that they, too, find it more difficult to afford coverage, especially for their retirees. Premium increases are forcing them to scale back benefits or to shift costs to employees.

Today, we will explore ways to make health insurance markets work better. Let us improve these markets so that millions of people like Jason can buy insurance. Let us improve these markets so that millions of families like the Wegners can afford to keep it. And let us improve health insurance markets so that businesses that want to do the right thing for their employees can afford to do so.

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