
Beware And Be Aware Of The Healthcare Dilemma

Let's give a collective thanks to wives and to their ability to hold down good jobs that provide superior health insurance benefits. That's the highly unscientific conclusion that develops after a half-dozen phone calls to rep firms on the subject of where and how they obtain health insurance.

Here's a sampling of some comments from those interviews:

- "My wife provides it for our family. I've made some phone calls and found that I could get coverage, but it would run about \$800 monthly. That's a pretty hefty amount, but at least if I needed it, I know I could get it."
- "I've heard some ads on the radio that there are plans available for self-employed people like myself, but I haven't followed

through because I'm all set at the moment."

- "Thankfully my two outside guys' wives work where they are provided with ideal health insurance coverage. On the other hand, I take care of myself, my wife, secretary and my secretary's son, and it's killing me. That's just the way it is today. I don't think MANA or any other association can really do anything to solve the problem."
- "I'm under my wife's plan. I don't know what other reps do. I would think most reps hope their wives can help out in that area. In the absence of that, I guess they look for something local, but the cost must be prohibitive."

While we all give a thankful hug to the spouses in these situations, there are some alternatives (e.g., various organizations and associations and fraternal plans). That fact notwithstanding, this matter of affordable health insurance remains an important and ongoing concern for manufacturers' representatives.

Views from MANA

No stranger to the subject of health insurance as it applies to

associations and their members is Joe Miller, MANA's president/CEO. Over the years he has been with MANA it's been commonplace that MANA members approach him with questions/concerns/problems in this area. Taking notice of the problem and certainly the predicament described in the *Los Angeles Times* article (see page 29), Miller notes, "Many of us can recall the experience that befell the Bureau of Wholesale Sales Representatives (BWSR) a couple of years ago. That association, made up of reps in the apparel industry, went out of business primarily because they stuck out their necks on a health insurance program — all with the best intention of helping their members."

Addressing the concerns about health insurance, specifically as it affects MANA and other rep association members, Miller continues that there are a number of facts that must be kept in mind:

- "Remember, only relatively young, healthy people with no pre-existing conditions can purchase health insurance at 'below market' prices today. For instance, consider a scenario where an in-

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dividual calls an automobile insurance company to apply for coverage on a car that sustained \$3,000 worth of damage *yesterday*. Would anyone expect they would be sold insurance below or even with market prices? Of course not! Would we expect the insurance company to cover yesterday’s accident? The answer is the same — No!

- “It’s impossible to blame a single villain when we consider out-of-control rate increases in the health insurance markets. Everyone plays a role. Attorneys contribute to the problem by suing doctors; insurance companies contribute by oligopoly pricing; doctors contribute because they order every test available when treating patients; consumers con-

tribute because they demand the most state-of-the-art medicine and testing; and drug companies contribute by their greedy pricing policies. The blame game doesn’t end there. Let’s point an additional finger at Congress by its refusal to pass association healthcare legislation. This is due largely to the Blue Cross/Blue Shield lobby, which has been very effective in Washington. And finally, let’s consider the hospitals that contribute by being poorly managed and because they are way behind when it comes to making changes in the way they conduct business. For instance, consider their reluctance to implement modern technology when it comes to billing and other matters.”

One Man’s Story

As if the problem needs any more attention, that’s exactly what it got earlier this year in the form of an article that appeared in the *Los Angeles Times*. Detailed in the article were the experiences of a man who lost his employment benefits when he opened his own business. That’s a situation that most manufacturers’ representatives can identify with.

In order to get healthcare benefits, he turned to an association that offered a policy covering him and his wife. At the time he was assured by the insurance carrier that for approximately \$400 monthly, he would receive coverage including a special rider for chemotherapy in case his bone cancer — which was in remission at the time — recurred. The cancer returned, the man died and his wife was left owing more than half a million dollars in medical costs. Ultimately, she sued the carrier and settled for \$1.7 million.

The article went on to state that “Despite the concerns, federal lawmakers are working to ease restrictions on associations — such as the one mentioned in the article — to help small businesses reduce their healthcare costs. Legislation backed by some small-business groups and the Bush administration would allow association health plans to organize across state lines and be exempt from state laws and lawsuits filed in state courts.”

Viewing this and other situations, industry experts expect the healthcare dilemma to worsen for individuals. The article cited the existence of a state-regulated healthcare program offered by an association in Connecticut, but by and large, consumers had better beware.

Miller goes on to emphasize that people must realize “insurance was originally meant to keep individuals from losing their life savings — not necessarily to pay for each and every doctor’s visit, no matter for a serious or a minor ailment.”

The final solution to the insurance dilemma, according to Miller, will be either:

- “New public policy which will turn management of the healthcare system over to the federal government. This probably will create a vast new bureaucracy, higher taxes and poorer

health care.

- “Or, *high-deductible* insurance whereby everyone pays for the first \$5,000-\$10,000 in annual medical expense before insurance kicks in.”

What MANA members should keep in mind as they view the healthcare insurance landscape, especially those who espouse the opinion: “As a huge organization, MANA should certainly be capable of negotiating great rates for the membership,” Miller responds: “I’m afraid those few people will never be businessmen in sales. The insurance companies look at

our 4,000 members as peanuts. Even massive associations such as the NAM (National Association of Manufacturers) don’t have a group program. The few associations that do, end up like their predecessors NASE or BWSR.

“Rest assured that MANA is examining every possible solution to the health insurance question and no good answer has cropped up yet. We will continue to research the market for solutions and to lobby for legislation that will control costs and rates. Finally, we will keep the membership informed.”

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