Wendell Potter
AUTHOR. MEDIA ANALYST. WATCHDOG.

Health Execs Get Richer as Some Americans Beg for Help to Pay Bills

by Wendell Potter on April 28th, 2011

On Monday, I wrote about the good fortune of UnitedHealth Group, one of the big seven for-profit health insurance companies, and its CEO, Stephen J. Hemsley. Last week, UnitedHealth pleased Wall Street so much with its report of earnings during the first three months of this year that investors clamored to buy the company's stock.

By the time the New York Stock Exchange closed last Thursday, shares of UnitedHealth's stock had shot up more than 8 percent and reached their highest value in more than three years. The company's shareholders, including Hemsley, now the highest paid CEO in America, were suddenly much wealthier.

Owners of health insurance company stock have continued to get richer this week. On Tuesday, Humana Inc. announced that its first quarter earnings would be so much better than Wall Street expected that it was raising its full-year profit outlook and instituting a dividend. The company's stock price jumped 5.5 percent after disclosing that fabulous news.

The good news, at least for shareholders, just keeps on coming. Yesterday, WellPoint Inc., which operates more than a dozen Blue Cross plans across the country, announced that it, too, had exceeded Wall Street's expectations during the first quarter—by an astonishing 48 cents per share.

When I was handling financial communications at CIGNA, I knew investors would be pleased if the company exceeded their expectations by even a penny a share. During my nearly two decades in the industry, I never saw insurers blow past what they had been expected to earn by such wide margins. WellPoint's shareholders must be pinching themselves today to make sure they're not dreaming.

To make this kind of money, insurance companies have to spend far less paying their policyholders' medical claims than anyone thought possible.

They've been able to do that so far this year, despite the new health care reform law, by shifting many policyholders into plans that force them to spend more from their own pockets before coverage kicks in. Insurance firms also fatten their bottom lines by denying more claims.

What are the real-world consequences?

Let me share portions of just three e-mails I received this week to give you a hint. I wish I could say that such e-mails are rare.

The first came from a man who actually sells policies for one of the above-mentioned firms on a part-time basis. He decided to write me after visiting a family that was on the verge of bankruptcy because of what they have to pay for insurance coverage and out-of-pocket expenses.

He told me that the head of the family was a small business owner who was still working well into his late 60′s because it was the only way he was able to provide insurance for himself, his wife and a daughter suffering from mental illness. He was paying $28,800 in annual premiums and had just been notified that he would have to pay 25 percent more when the current term of his policy expired.

Even though he was paying more than $2,000 a month for coverage, it was far from adequate. It did not cover his daughter's three-times-a-week visits to her mental health doctors, which meant that he had to pay an additional $300 per visit out of his own pocket. On top of that, he had to pay $1,000 every month for her prescriptions.

"It truly disgusted me, and I had no idea what I could do to help them," he wrote.

The irony is that the part-time insurance salesman who sent the email was uninsured. He couldn't afford coverage himself.

The second e-mail came from Molly Poole, a woman I had met in March in Lancaster, Pa. She was writing to tell about a new website — www.LetScottLive.com — that she created to help raise money for her husband's care. While Stephen Hemsley and a handful of other insurance company executives are becoming billionaires, Molly and Scott Poole who has Lou Gehrig's disease, are now effectively beggars. They wrote asking me to help spread the work about their plight and to assist in their efforts to raise money.

Here's what Molly wrote:

"In short, we have been terrorized since spring 2009 with a variety of insurance company games. First we were told (by Highmark Blue Cross) that we were about to hit Scott's million-dollar lifetime cap 'in the next month or so.' That was wrong, but that didn't stop them from calling every few months to give us another 'you're hitting your cap soon' scare and giving a vague date a few months out. They were always wrong in the end, but that did nothing for the panic level at the time."

Molly wrote that Scott had been transferred to COBRA on Nov. 7, 2010, after losing his job. As that coverage was about to expire, the Pooles applied for an extension. A case manager for their insurer said it would be a waste to apply for the extension because Scott was rapidly approaching the lifetime coverage limit. After battling with the insurer for weeks, the Pooles finally got the extension, but only for a short while.

"We only have coverage through May 7, Molly, wrote, "so that's why we've created a website to try to raise funds. We need to come up with approximately $400,000 a year to cover nursing and other medical costs. God forbid a hospital stay. What savings we have left are what's running the house. We start tapping them, we lose the house."

Molly ended her e-mail with this: "The illness itself has been a walk in the park compared to the insurance hassles. Can you imagine something that makes dealing with Lou Gehrig's disease a breeze compared with what they are putting you through?"

The third e-mail I got was from Stan Brock, the saint who founded Remote Area Medical (RAM) to provide care to people in isolated villages in less developed countries.

He started by flying doctors to nearly inaccessible places along the Amazon River in South America. Today, most of RAM's "expeditions" are in the United States, and increasingly they are to locations that are not at all remote. I went to a RAM expedition in Wise County, Va., a few years ago. The experience changed my life and contributed to my decision to quit my job and start speaking out about the abuses of the U.S. health insurance industry.

Stan wrote to tell me about RAM's most recent two expeditions in California.

The crowds for the pair of expeditions "were similar to those you saw in Wise County, VA. We could have seen more patients had we been allowed to bring in volunteers from out of state," he wrote.

"I am convinced that if federal laws were changed so that doctors could cross state lines to provide free care, that RAM-type operations would begin to spring up nationwide and make a significant difference for health care for the underserved at no cost to the government or taxpayer. We really need an economics expert to make those sort of projections on a nationwide basis with volunteer clinics going on weekly in every state; not just by RAM but by numerous other charitable organizations and civic groups," Stan said.

These three emails are just the most recent I've received out of many over the past several months.

I will continue to share some of them with you — and fill you in on how incredibly rich a few executives and shareholders are becoming while Americans are being reduced to begging for help to pay for health care or waiting for one of Stan Brock's expeditions.

Wendell is a Senior Analyst at the Center for Public Integrity where this was originally posted on April 28, 2011.

Leave a Comment

Name *

E-mail *

Website

You can use these HTML tags and attributes: <a href="" title=""> <abbr title=""> <acronym title=""> <b> <blockquote cite=""> <cite> <code> <del datetime=""> <em> <i> <q cite=""> <strike> <strong>

Submit

Previous post: Health Insurance Corporate Profits Spiked Despite Dire Predictions of Health Care Reform Wreckage

twitter

Follow me @wendellpotter

- Don't think your Blue Cross, Blue Shield plan is really a nonprofit **http://tinyurl.com/3h23gb6** — 2nd May, 7:29 AM
- How health insurers want to roll back reform **http://t.co/wMU3p0r** — 1st May, 3:01 PM
- My first iWatchNews.org video **http://t.co/0zZaQ40**—-how-health-care-reform-may-be-rolled-back — 1st May, 2:43 PM

- **Stay In Touch**

  Email

  First Name

  Last Name

  Subscribe

- **Search This Website**

To search, type and hit er