



The Web Site of The Sacramento Bee

This story is taken from [Sacbee](#) / [News](#) / [AP State News](#).

Health insurer's letter seeks to get coverage canceled

<http://www.sacbee.com/114/v-print/story/705701.html>

- The Associated Press

Published 1:27 am PST Tuesday, February 12, 2008

Citing an effort to hold down costs, health insurance giant Blue Cross wants doctors in California to report conditions it could use to cancel new patients' medical coverage, it was reported Tuesday.

The state's largest for-profit health insurer is sending physicians copies of health insurance applications filled out by new patients, along with a letter advising them that the company has a right to drop members who fail to disclose "material medical history," the Los Angeles Times reported on its Web site.

"Any condition not listed on the application that is discovered to be pre-existing should be reported to Blue Cross immediately," according to the letter obtained by the newspaper.

One of the conditions noted in the letter that could force a new patient to be dropped by Blue Cross - pre-existing pregnancies.

WellPoint Inc., the Indianapolis-based company that operates Blue Cross of California, said it was sending out the letters in an effort to keep costs at a minimum.

"Enrolling an applicant who did not disclose their true condition (and the condition is chronic or acute), will quickly drive increased utilization of services, which drives up costs for all members," WellPoint spokeswoman Shannon Troughton said in an e-mail to the newspaper.

"Blue Cross feels it is our responsibility to assure all records are accurate and up to date for HMO providers," she said. "We send these letters to identify members early on in the process who may not have been honest in their application."

Troughton added doctors are not required, but rather can volunteer, patients' information to Blue Cross.

Doctors were unhappy about the letter, warning that some patients might hide any medical history that could affect their prospects of receiving health insurance.

"We're outraged that they are asking doctors to violate the sacred trust of patients to rat them out for medical information that patients would expect their doctors to handle with the utmost secrecy and confidentiality," said Dr. Richard Frankenstein, president of the California Medical Association.

Blue Cross is one of several California insurers that have been criticized for issuing policies without checking applications and then canceling coverage after individuals incur major medical costs. The practice of canceling coverage is under scrutiny by state regulators, lawmakers and the courts.

Troughton said the request of doctors has been in place for several years and Blue Cross has not received any complaints about it. The health insurance company doesn't always cancel the policies of patients with discrepancies in their applications and occasionally offers them another plan, she said.

Lynne Randolph, a spokeswoman for the state Department of Managed Health Care, said the agency would review the letter. Blue Cross is fighting a \$1 million fine the department imposed in March over alleged systemic problems the agency identified in the way the company rescinds coverage.

"They are playing a game of 'gotcha' where they are trying to use their doctors against their patients' health interests," said Anthony Wright, executive director of HealthAccess California, a healthcare advocacy organization. "That's about as ugly as it gets."

Editorial: Coverage for all

<http://www.sacbee.com/110/story/143154.html>

Published 12:00 am PDT Sunday, March 25, 2007
Story appeared in FORUM section, Page E6

The state regulator of HMOs has fined one of the largest, Blue Cross, \$1 million for canceling health policies of enrollees who, among other things, got pregnant. Cancellations like these weren't isolated, according to the California Department of Managed Health Care. Rather, they were systematic, right down to a computer program that scours the system for enrollees seeking certain kinds of care.

Blue Cross denies wrongdoing. That's fine. There is a larger lesson here: This health insurance market, the one for individuals or families who don't automatically get covered through their jobs, is sick. Insurers try to avoid covering people who need care. And many Californians avoid getting insurance until it is in their financial interest to do so. It's a game, and the game must end somehow. That can only happen by blowing up the individual health insurance market that exists today and replacing it with something that makes more sense. And that can only happen with the California Legislature and Gov. Arnold Schwarzenegger.

There are two basic choices here when it comes to health insurance. One is to get rid of private health insurance altogether and replace it with a program in which the government directly pays doctors and hospitals to provide care. That's known as single-payer. It is championed by some Democrats, but opposed by the governor. Single-payer isn't a likely short-term compromise, but the more we look at this mess, single-payer seems to be an increasingly likely long-term solution because of the many ills of the private insurance market.

The second choice is to fix the insurance market. How? Bottom line: It means that health insurers such as Blue Cross have to cover all who apply, even those who are eight months pregnant. On the flipside, everyone -- or just about everyone -- has to have insurance. It can be through his or her company. It can be through a government-sponsored program. What is important is to throw everyone into the pool. Insurance, when it works, is all about spreading risks.

Either the governor and the Legislature somehow create this pool, or they don't. All of the solutions by necessity would impose various mandates -- either on employers, on individual Californians or in some combination. And any solution will require money. Why? If the state were to require everyone to have coverage and require insurance companies to cover anyone who signs up, that would include many low-income Californians who don't have insurance today. Those Californians can't be expected to pay full freight. And they can't be left out of the equation, only to wander later into emergency rooms and expect care.

In any sane health care system, getting pregnant should never be a cause to lose health care.