



When having health insurance doesn't help

Dispatcher: 911, what's your emergency?

Caller: America's healthcare system is broken and people are dying! (ambulance siren)

Welcome to Code WACK!, where we shine a light on our callous healthcare system, how it hurts us and what we can do about it. I'm your host **Brenda Gazzar**.

This time on Code WACK! Why is it that many Americans who *have* health insurance are still not able to get the care they need? What strategies are health insurers using to increase profits but which also sometimes-drive American families to financial ruin? To find out, we recently spoke to health insurance industry whistleblower and New York Times bestselling author **Wendell Potter**. Wendell's the former vice president of corporate communications for the health insurance giant Cigna. Today, he's a strong advocate for Medicare for All and is the co-founder of Business Leaders for Health Care Transformation and the president of the Center for Health and Democracy.

(5-second music stinger)

Welcome back to Code WACK! Wendell.

Potter: Thanks for having me back.

Q: Last time we talked about how the insurance industry has profited so handsomely from the Affordable Care Act. This time, tell us about the strategy that works so well for them, like what you call cost shifting. Tell us a little bit more about that.

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Potter: One of the reasons I left Cigna was because I knew that the industry-wide strategy of shifting more and more people into what euphemistically we referred to as consumer-driven health plans would lead to the financial ruin of countless American families – and we are seeing that play out right now. More and more families have insurance, (are) paying a lot of money every month and in many cases they just simply don't have enough money to spend out of their own pockets what they have to spend before their coverage will kick in. So that was a deliberate strategy and the industry spent a lot of money on propaganda campaigns to get people like me and many others to say, this is the way we need to do health care.

Gazzar: So today patients *who are insured* and are already paying premiums have to pay more money upfront, and pay quite a bit, before their health insurance kicks in.

Potter: And the talking point back then was that Americans needed to have more skin in the game, that during the era of managed care plans of HMOs and PPOs, people didn't have to pay very much money out of their own pockets, except in most cases, what was considered a relatively modest copayment maybe \$10, \$20 to see a doctor. That was not generating enough profits for the industry so they essentially said 'let's move people into plans that make them pay more for care before we'll pay anything.' And that's what happened. It started around, oh, the early 2000s. It really picked up steam around 2005 and just kept going to the point that most of us now who have insurance are in one of these kinds of plans that make us pay a lot of money. And the out of pockets take different forms. It can be deductibles. It can be co-payments. It can be co-insurance. It can be all three and it can be well over \$10,000 or \$20,000 a year because of when you add all that together, we're talking about a lot of money,

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Q: Right. Wow. Let's talk more about how these insurance industry practices affect patients. According to a blog post we saw on SpendMeNot, almost 60% of U.S. adults have had medical debt at some point in their lives. Two thirds of all personal bankruptcies are due to medical bills and almost half of those who filed for medical bankruptcy cite hospital bills as their most considerable expense. What does this mean for Americans who need health care?

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Potter: Yeah. What this means for Americans who need health care is that even if they have insurance, that's no guarantee that their bills are going to be covered and that as more and more people are certainly aware of this, and so they're forgoing the care. They're not going to the doctor when they should. They're not even in many cases picking up their prescriptions. They go to the pharmacy counter and find they have to pay a lot of money, sometimes thousands of dollars for a prescription that their doctor says they must have, and they have insurance but it's not adequate because of these high deductibles they have to pay. So it's really quite a racket that's worked beautifully for the insurance companies and their shareholders, but for hospitals the biggest, and fastest growing component of uncompensated care is from people who have insurance, but they can't cover their out of pocket requirements that their insurers demand.

Gazzar: So because it costs so much even with health insurance, many Americans are choosing not to seek health care or buy their medicines. But what about the people who can't avoid care -- people who are in so much pain, people who are so sick they're desperate. They have to somehow scrape up the money, or go into debt.

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And we continue in this country to have thousands and thousands of families filing for bankruptcy every year. Medical cost still continues to be the leading cause of medical bankruptcies and most of those people have insurance. They just can't cover their out-of-pocket requirements. So the result is more and more of us with insurance are turning to bankruptcy court. Often people will try to go to GoFundMe to beg for money as an alternative and usually that doesn't work and sadly too many people wind up in bankruptcy or put so much money and/or on their credit cards that they will never pay those debts off.

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Q: *Wow, that's so true. What other trade-offs do Americans face when their children, their parents, their friends need care that they can't afford?*

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Potter: Well, the trade offs – people sadly have to make decisions in many cases whether to go to the doctor, to pay for what they need or pick up a prescription either that or put food on the table, pay the rent, make the car payment this month, pay the mortgage or in many cases, if they have to have medication, they often will resort to pill splitting or thinking they can get by – by skipping a dose or something. People who are diabetic, people who have chronic conditions do that and it's very, very dangerous for people to do that if they...these are life saving medications for a lot of people, for diabetics, for people who have cancer or what have you, for MS. So many people have some kind of a chronic condition, the medications are expensive and insurance companies are paying less and less for a lot of medications that people have to have to stay alive.

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Thank you, Wendell Potter.

***Do you have a personal story you'd like to share about our 'wack' healthcare system?
Contact us through our website at heal-ca.org.***

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