

ILLINOIS STATE MEDICAL SOCIETY

**Resolution 08.2019-04
(A-20)**

Introduced by: Laura Tommaso, M.D., ISMS Member

Subject: State Legislation Proposal for Health Insurance Reform

Referred to: Council on Economics

1 Whereas, the current private insurance driven health care system in the US is
2 fully opportunistic and is exploiting patients and health care providers. Private health
3 insurance is extremely expensive to purchase and rarely fully covers claims due to large
4 deductibles ⁱ (which is the primary role of any type of insurance). As a result, patients
5 are experiencing undue financial hardshipⁱⁱ and foregoing medical care to the detriment
6 of their health and their lives.ⁱⁱⁱ Meanwhile, healthcare providers are experiencing
7 decreasing reimbursements^{iv} and increasing bureaucratic tasks which pose an insult to
8 our judgment and job satisfaction^v; and

9
10 Whereas, the stance of the ISMS is not in support of a fully government-funded
11 system, but does recognize the need for reform in the health insurance industry^{vi}; and

12
13 Whereas, despite the growing costs to the patient/consumer and decreased
14 reimbursements, the for-profit private insurance businesses are reaping increased profits
15 in the billions to satisfy shareholders, despite the implementation of the Affordable Care
16 Act^{vii}; and

17
18 Whereas, increasing numbers of Illinoisans rely on Medicaid, placing a large
19 financial demand on state funding^{viii}; and

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21 Whereas, business licensing and categorization is a state-run entity, and health
22 insurance does not require federal oversight^{ix}; and

23
24 Whereas, requiring Illinois-licensed health insurers to register and operate as
25 non-profit entities could make private health insurance more affordable; and

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27 Whereas, non-profit companies enjoy many benefits including tax-exemption
28 and freedom from responsibility to shareholders; and

1 Whereas, non-profit entities generally are required to reinvest profits back into
2 the organization and clients to enhance the services provided. Specifically in the health
3 insurance industry, non-profit insurers are ranked the highest among consumers^x; and
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5 Whereas, increasing the affordability of private health insurance could increase
6 access to needed medical care without creating financial hardship and improving health
7 outcomes; and
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9 Whereas, by improving health insurance affordability, reliance and spending on
10 Medicaid would decrease; and
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12 Whereas, requiring insurance companies to operate as non-profit entities could
13 result in benefits for physicians, including reductions in administrative hassles and
14 increased reimbursement rates; and
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16 Whereas, enacting a law requiring Illinois health insurers to be non-profit may
17 have the above positive effects and put Illinois “on the map” as pioneers of healthcare
18 reform; therefore, be it
19

20 RESOLVED, that ISMS introduce to Illinois lawmakers legislation that all
21 private health insurance businesses may only register and operate as non-profit entities.

Fiscal Note:

N/A

Existing ISMS policy related to this issue:

ISMS supports the following health care system reform principles: 1. Health care delivery and finance system reform should use the current public-private system as a basis and focus on incremental evolutionary change. 2. All patients should have access to a health benefit plan that would include catastrophic coverage as well as preventive services, appropriate screening, primary care, immunizations, and prescription drug coverage. 3. Health insurance reform is needed to allow public and private plans to develop innovative coverage plans, including the development of health savings accounts and other high deductible plans to encourage patients, physicians, and other health care providers to pursue high value care. 4. All health care expenditures should receive equal treatment for purposes of tax deduction and tax credits. 5. Professional liability reform – including caps on noneconomic damages – should continue to be pursued and defended as a way to reduce direct and indirect costs (defensive medicine)

and to address the adverse effect the current medical liability system has on the physician-patient relationship and access to health care. 6. Use of information technology in health care delivery should be encouraged to improve quality and safety of care, enhance efficiency, and control costs. 7. Health care education and literacy must be an important part of any medical care financing and delivery system reform. 8. Health care reform proposals should include provisions for physicians to set and negotiate their own fees in order to adequately compensate physicians and other health care providers for the promotion of personal and public health. 9. Evidence-based protocols should support, not replace the patient-physician relationship. 10. ISMS objects to third party insurance carriers interfering with the practice of medicine and the patient-physician relationship. (HOD 2007; Revised 2008; Reaffirmed 2011; Reaffirmed 2012; Reaffirmed 2015-JAN; Reaffirmed 2017; Reaffirmed 2018; Reaffirmed 2019; Last BOT Review 2015)

ISMS advocates the policy that when “not-for-profit health care institutions” create a for-profit business, the for-profit business has to be for the purposes of serving the not-for-profit activities and not primarily to create investment opportunities, nor financial income. (HOD 1999; Last BOT Review 2011)

ISMS supports expanding health insurance coverage options for employees of small businesses and other affinity groups. (HOD 2016; Reaffirmed 2018)

ISMS supports consumers' right to purchase health insurance across state lines in order to allow people to choose the health insurance plan that best suits them, thereby offering the best form of consumer protection for all. (HOD 2008; Reaffirmed 2012; Reaffirmed 2015-JAN; Reaffirmed 2018; Last BOT Review 2015)

All health care insurance companies should return a minimum of 85% of the yearly premium as benefits, regardless of any old or new government regulations. In addition, the administrative costs of each company, expressed as a percent of collected premiums, should be made public on an annual basis. (HOD 2003; Reaffirmed 2015-JAN; Last BOT Review 2015)

ⁱ Bloom, E. (2017, June 23) “Here’s how much the average American spends on health care.” Retrieved from: <https://www.cnn.com/2017/06/23/heres-how-much-the-average-american-spends-on-health-care.html>

ⁱⁱ American Cancer Society. (2019, May 2) "Medical costs create hardships for more than half of Americans: 137 million adults in the United States suffered medical financial hardship in 2015/2017." Retrieved from: <https://www.sciencedaily.com/releases/2019/05/190502100818.htm>

ⁱⁱⁱ Institute of Medicine (US) Committee on the Consequences of Uninsurance. Care Without Coverage: Too Little, Too Late. Washington (DC): National Academies Press (US); 2002. 3, Effects of Health Insurance on Health. Retrieved from: <https://www.ncbi.nlm.nih.gov/books/NBK220636/>

^{iv} Fifer, R. (2016, July) “Health Care Economics: The Real Source of Reimbursement Problems” Retrieved from: <https://www.asha.org/Articles/Health-Care-Economics-The-Real-Source-of-Reimbursement-Problems/>

^v Medical Economics Staff. (2019, December 12) “What’s ruining medicine for physicians: Paperwork and administrative burdens” Retrieved from: <https://www.medicaleconomics.com/business/whats-ruining-medicine-physicians-paperwork-and-administrative-burdens>

^{vi} “Illinois State Medical Society Healthcare Reform Principles.” Retrieved from: https://www.isms.org/Governmental_Affairs/Health_Care_Reform/ISMS_Principles_for_Fixing_our_Health_System/

^{vii} Coombs, B. (2017, August 5) “As Obamacare twists in political winds, top insurers made \$6 billion (not that there’s anything wrong with that).” Retrieved from: <https://www.cnn.com/2017/08/05/top-health-insurers-profit-surge-29-percent-to-6-billion-dollars.html>

^{viii} Norris, L. (2018, December 3) “Illinois and the ACA’s Medicaid expansion.” Retrieved from: <https://www.healthinsurance.org/illinois-medicaid/>

^{ix} “Apply for Licenses and Permits” Retrieved from: <https://www.sba.gov/business-guide/launch-your-business/apply-licenses-permits>

^x Consumer Reports. (2012, November) “Health insurance rankings: How does your plan compare?” Retrieved from: <https://www.consumerreports.org/cro/magazine/2012/11/health-insurance-rankings/index.htm>