

**Committee on Energy and Commerce**  
**Subcommittee on Oversight and Investigations**  
**Hearing on “Insured But Not Covered: The Problem of Underinsurance”**  
**Rep. Bart Stupak, Chairman**  
**Opening Statement**  
**October 15, 2009**

A few months ago, our Subcommittee held hearings on the health insurance industry practice of terminating coverage after a policy holder becomes sick and files a claim. In our investigation, we learned that if your insurance company believes that your illness may be costly, it will go back and re-examine your application for health insurance to find any excuse to cancel your coverage! As health insurance industry executives brazenly told us, this practice, called rescission, will continue until there is national health care coverage for all Americans.

Today, we continue our investigation of the private health insurance market focusing on the underinsured. An "underinsured" person is one who has health insurance coverage but the policy does not adequately cover health care costs or high medical expenses. Underinsured individuals traditionally have high out-of-pocket expenses because of high deductibles and co-pays.

In some instances, people are underinsured because they can only afford to purchase a policy. In other instances, policy holders believe that they have adequate coverage only to find out that there are limits buried within the policy such as annual caps on the amount the insurance will cover or limits on the number of times the policy holder can receive certain services or treatments.

Regardless of how you define this financially fragile group, the sad consequences of being underinsured can be devastating, leading to financial ruin, bankruptcy and making medical decisions based on costs rather than care.

As the cost of health insurance skyrockets, more and more Americans are finding that they can only afford bare bones policies, leaving them one illness, one accident away from bankruptcy. According to an American Journal of Medicine, in 2007, 62 percent of all bankruptcies filed in the United States were related to medical costs and 78 percent of these filers had insurance. Many of these now bankrupt individuals were well educated, owned homes, and had middle class occupations. Unfortunately, they were underinsured and their health insurance did not cover their medical costs, forcing them to declare bankruptcy due to mountains of medical bill debt.

Still, health insurers continue their "unconscionable" increase in premiums. Between 2000 and 2007, the annual family health insurance premium in Michigan rose 78 percent while wages rose just 4.6 percent. I am currently receiving emails and letters from constituents reporting 22 to 40 percent premium increases in their individual health insurance policies. The average family health insurance policy now costs \$13,125, which is 34 percent of the median household income in my congressional district!

The Commonwealth Fund recently reported that "[a]s a result, more families are experiencing medical bills problems or cost-related delays in getting needed care. In 2007, nearly two-thirds of US adults... 116 million people, struggled to pay medical bills, went without needed care because of cost, were uninsured for a time, or were underinsured".

Our first panel of witnesses will put a face on the frightening statistics found in the Commonwealth Fund report.

Catherine Howard was diagnosed with breast cancer at the early age of 29 and survived to tell her story. Being young and healthy with a limited income, Catherine chose a low premium, high co-pay health insurance that left her in financial shambles after her breast cancer. At the time of her illness, she was earning just \$20,000 a year but her outstanding medical bills were \$40,000 and Catherine was unable to work through her surgery, chemotherapy, and radiation. To her credit, Catherine did not declare bankruptcy and is paying \$1,800 each month on her outstanding medical debt.

David Null will speak for his family and his daughter, Tatum, who at the age of seven was diagnosed with liver failure. David bought health insurance for his family to cover emergency situations, not a policy to cover "head colds." Still, when Tatum was on life support and needed a lifesaving \$560,000 kidney transplant, David learned his "emergency policy" would only cover between \$30,000 and \$40,000 and the hospital was demanding a \$200,000 deposit before they would proceed with the transplant. Being underinsured left Tatum fighting for her life and David without hope or a prayer. Children's hospital officials helped the Nulls to qualify for the government run, government sponsored, Medicaid health care and the entire hospital bill was retroactively covered. The catch is, the Nulls could not earn more than \$1,614 a month or they would lose their Medicaid coverage, which paid for Tatum's medication to prevent organ rejection which can cost thousands of dollars each month.

Nathan Wilkes will tell us about his employer provided health insurance with a million dollar limit for each family member. Unfortunately, a million dollars did not go very far when his son was diagnosed severe hemophilia. Even though the Wilkes have paid up to \$25,000 in a single year for out-of-pocket costs, Mr. Wilkes is unable to get a policy that will adequately cover his son's medical expenses. Now, on his third insurance policy, Mr. Wilkes does not know how they will be able to afford his son's life saving medical treatments.

Each of these individuals and families did everything right, worked hard, purchased health insurance, paid their premiums but are still left in financial ruin.

We will also hear from Sara Collins of the Commonwealth Fund. She will discuss their study on how the number of underinsured have dramatically increased over the past few years and how two thirds, 116 million of all U.S. adults, struggle to pay medical bills, like the Nulls, the Wilkes and Ms. Howard.

Stan Brock is the Director of the Remote Area Medical Foundation based in Nashville, Tennessee. He has spent his life coordinating with physicians, dentists, nurses, and other health professionals to provide free health care services to uninsured and underinsured Americans. Mr. Brock will provide his insight and experience on how more and more Americans are showing up at his foundation seeking basic health care because their insurance policies will no longer cover their health care needs.

Each of us know a family member, relative, or friend who did not go to a doctor when sick; skipped a dose of medication or failed to fill a prescription; intentionally missed a medical test or a follow up appointment; or did not see a specialists when needed; because they could not afford the service, the medication or the test.

I would hope every American will now take time to look at their policy and really understand:

1. What medical conditions does the policy cover or not cover?
2. What is your co-pay?
3. What is your potential out of pocket cost?
4. Do you have a lifetime cap of dollars or services your insurance company will cover?

The U.S. House will soon vote on H.R. 3200, America's Affordable Health Choices Act of 2009. H.R. 3200 does not allow insurance companies to rescind your policies when you are sick, it does not have a lifetime cap, and it will cover all Americans. Only with the passage of meaningful health care reform, then and only then, will two thirds of all adults not have to worry about how to obtain medical care for their families while remaining financially secure.