

HENRY A. WAXMAN, CALIFORNIA
CHAIRMAN

JOHN D. DINGELL, MICHIGAN
CHAIRMAN EMERITUS
EDWARD J. MARKEY, MASSACHUSETTS
RICK BOUCHER, VIRGINIA
FRANK PALLONE, JR., NEW JERSEY
BART GORDON, TENNESSEE
BOBBY L. RUSH, ILLINOIS
ANNA G. ESHOO, CALIFORNIA
BART STUPAK, MICHIGAN
ELIOT L. ENGEL, NEW YORK
GENE GREEN, TEXAS
DIANA DEGETTE, COLORADO
VICE CHAIRMAN

LOIS CAPPS, CALIFORNIA
MIKE DOYLE, PENNSYLVANIA
JANE HARMAN, CALIFORNIA
JAN SCHAKOWSKY, ILLINOIS
CHARLES A. GONZALEZ, TEXAS
JAY INSLEE, WASHINGTON
TAMMY BALDWIN, WISCONSIN
MIKE ROSS, ARKANSAS
ANTHONY D. WEINER, NEW YORK
JIM MATHESON, UTAH
G.K. BUTTERFIELD, NORTH CAROLINA
CHARLIE MELANCON, LOUISIANA
JOHN BARROW, GEORGIA
BARON P. HILL, INDIANA
DORIS O. MATSUI, CALIFORNIA
DONNA CHRISTENSEN, VIRGIN ISLANDS
KATHY CASTOR, FLORIDA
JOHN SARBANES, MARYLAND
CHRISTOPHER MURPHY, CONNECTICUT
ZACHARY T. SPACE, OHIO
JERRY MCNERNEY, CALIFORNIA
BETTY SUTTON, OHIO
BRUCE BRALEY, IOWA
PETER WELCH, VERMONT

JOE BARTON, TEXAS
RANKING MEMBER

RALPH M. HALL, TEXAS
FRED UPTON, MICHIGAN
CLIFF STEARNS, FLORIDA
NATHAN DEAL, GEORGIA
ED WHITFIELD, KENTUCKY
JOHN SHIMKUS, ILLINOIS
JOHN B. SHADEGG, ARIZONA
ROY BLUNT, MISSOURI
STEVE BUYER, INDIANA
GEORGE RADANOVICH, CALIFORNIA
JOSEPH R. PITTS, PENNSYLVANIA
MARY BONO MACK, CALIFORNIA
GREG WALDEN, OREGON
LEE TERRY, NEBRASKA
MIKE ROGERS, MICHIGAN
SUE WILKINS MYRICK, NORTH CAROLINA
JOHN SULLIVAN, OKLAHOMA
TIM MURPHY, PENNSYLVANIA
MICHAEL C. BURGESS, TEXAS
MARSHA BLACKBURN, TENNESSEE
PHIL GINGREY, GEORGIA
STEVE SCALISE, LOUISIANA

ONE HUNDRED ELEVENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON ENERGY AND COMMERCE

2125 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6115

MAJORITY (202) 225-2927
FACSIMILE (202) 225-2525
MINORITY (202) 225-3641

energycommerce.house.gov

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

Today, we will hear about the problem of underinsurance, which happens when people pay for health insurance but aren't adequately protected from high medical expenses.

This hearing is a continuation of the Committee's ongoing examination of problems in the private health insurance market. This past summer, we held hearings on the practice of rescissions, in which an insurance company cancels a policy after an individual gets sick and files claims. These hearings followed a year-long investigation that revealed troubling abuses. For example, we learned that insurance companies cancel policyholders based on unintentional mistakes on their application forms or even because of errors caused by the company's own agents.

In August, we began an inquiry into business practices in the small group market. I look forward to our hearing on this topic next week, during which we will learn more about the challenges facing small businesses that seek to provide their employees with quality, affordable health insurance coverage.

In today's hearing, we are looking at the problem of underinsurance. A primary purpose of health insurance is to protect people from financial ruin in the event of illness. Simply put, you should not go broke just because you get sick.

Yet, in recent years, health policies have been costing more and covering less. The average cost of a family's premiums has risen 131% in the last decade, while average wages have risen less than a third of that amount. Meanwhile, benefits are declining, and employers are asking workers to shoulder more of the burden by paying higher premiums and other out-of-pocket costs.

Most people expect their health insurance policy to protect them just when they need it the most, but there are a number of ways in which insurance policies come up short. More and

more policies contain caps, which are limits on the amount an insurer will pay for an individual's care over a lifetime, in a single year, or for particular services. Other plans exclude from coverage certain pre-existing conditions or limit coverage in other ways. And insurers increasingly shift risk to individuals through greater cost-sharing, such as higher deductibles, co-payments, or co-insurance.

It is not surprising that a combination of skyrocketing health costs and skimpier coverage has caused the ranks of the underinsured to grow. In 2007, there were 25 million underinsured Americans, a 60% increase from 2003. This is in addition to the close to 50 million uninsured Americans. Underinsurance is on the rise among both low- and middle- income Americans, and it often leads to medical debt that empties savings accounts and ruins credit scores. For many, the medical debt is simply too much to bear. A recent study found 62% of all personal bankruptcies are related to illness or medical bills.

Underinsurance has grave consequences for families' physical as well as financial well-being. Almost a third of underinsured adults say that they skimp on necessities like food or home heating because of their medical debts. Almost two-thirds avoid needed medical care because they cannot afford it. This means that the underinsured do not visit the doctor when they need to or decide not to fill needed prescriptions. Avoiding essential medical care is counter-productive, and can lead to more serious health conditions that ultimately cost more to treat.

I look forward to hearing from our witnesses today about their struggles with steep medical expenses, despite the fact that they paid for health insurance. I want to thank Ms. Howard, Mr. Null, and Mr. Wilkes for agreeing to share their stories with this Committee. I also look forward to hearing from Sara Collins of the Commonwealth Fund and Stan Brock of the Remote Area Medical Volunteer Corps about the growing problem of underinsurance.

This hearing comes at a crucial time, as we in Congress work to enact comprehensive health reform legislation. The bill recently passed by this Committee, H.R. 3200, addresses the root causes of underinsurance. For example, the bill provides:

- A ban on lifetime and annual caps on the amount insurers will pay;
- Annual limits on total out-of-pocket costs;
- No more discriminatory insurance pricing based on health status, gender, or occupation;
- No more deductibles or co-pays for preventive care;
- No coverage denials based on pre-existing conditions;
- Affordability credits so that lower-income families can afford coverage and can access care; and
- A required core set of benefits to ensure coverage for essential health care services.
- Requires plans have adequate provider networks for the benefits they cover.

These reforms are essential to ensure that people not only have health insurance, but are truly protected from financial ruin in the event of a health catastrophe. I look forward to working with my colleagues to achieve final passage of this bill so that we can end the problem of underinsurance once and for all.