




A DATE OF INITIAL DIAGNOSIS APPROACH TO HEALTH INSURANCE


PRESENTED TO THE MIDDLE ATLANTIC ACTUARIAL CLUB
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1. What health insurance companies sell is not really health insurance.
 2. The public is angry at health insurance companies.
 3. Specific features of a Date-of-Initial-Diagnosis trigger date
 4. Health insurers must adjust



1. What health insurance companies sell is not really health insurance.

Health insurance companies sell memberships to medical discount clubs.

They do not cover your claims in full.

2. The Public is Angry at Health Insurance Companies

- A. The overall cost of medical care
- B. Exclusion for pre-existing conditions. They want it eliminated and they don't care what the consequences are.



The Pre-Existing Condition
Exclusion is a Creation of the
Trigger Date

Trigger Date

Definition: the date that an event occurs that establishes that a claim may be reported against that policy

The day after the last day that neither policyholder nor insurance company is aware that an insurable event has occurred

The trigger date for health insurance is today the Date of Service - a fatally flawed approach.

NO OTHER TYPE OF INSURANCE USES THIS TRIGGER.

A Date-of-Initial-Diagnosis Trigger - Fire

Definition: The fire insurance in force during the day that the fire burned down the house will remain responsible for all rebuilding costs until rebuilding is complete, without regard to whether the insurance has since lapsed.

A Date-of-Initial-Diagnosis Trigger - Health

Definition: The health insurance in force during the day that symptoms of a condition provoked the consumer-patient to seek medical care will remain responsible for all medical care and treatment of that condition of that patient until the earlier of recovery or death, without regard to whether the insurance has since lapsed.

A Date-of-Initial-Diagnosis Trigger

- The **FIRE** insurance in force
 - during the day that the fire burned down the house
 - will remain responsible for all rebuilding costs until rebuilding is complete,
 - without regard to whether the insurance has since lapsed.
- The **HEALTH** insurance in force
 - during the day that symptoms of a condition provoked the consumer-patient to seek medical care
 - will remain responsible for all medical care and treatment of that condition of that patient until the earlier of recovery or death,
 - without regard to whether the insurance has since lapsed.

3. Specific features of a Date-of-Initial-Diagnosis trigger date

Policyholders continually insured would never again have to shop for health insurance to cover a pre-existing condition.

Lifetime premiums should not change. The young would pay more than they do today. The elderly would pay very little - if anything at all.

3. Specific features of a Date-of-Initial-Diagnosis trigger date

- Medicare costs would decline sharply.
- Patients treated as terminal could stop paying premiums altogether.
- Medicaid implications

4. Health insurers must adjust their procedures under a Date-of-Initial-Diagnosis trigger date.

- Reinsurance would be a necessity.
- Residual market mechanisms
- Condition-based deductibles
- Subrogation activity will expand
- Second Injury Funds
- Insurance Guaranty Associations

5. The effect of Pre-Implantation Genetic Diagnosis

- The trigger date would be severely advanced.
- Lifetime health insurance would be purchased prior to Genetic Diagnosis.



6. Three unaddressed topics




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An Update on the constitutionality of mandatory coverage

- Upheld by 2 District Courts. Confirmed by Court of Appeals, 6th Circuit
- Rejected by 2 District Courts. Confirmed by Court of Appeals, 11th Circuit
- The question the Courts disagree: Economic Activity or Economic Decisions?

CONSTITUTIONAL ARGUMENTS REGARDING INDIVIDUAL MANDATE

- Commerce Clause - Can Non-activity be regulated? Is mere residency adequate cause to require someone to purchase something? (20 cases - 2 upholdings)
- Tenth Amendment - Is mandating health insurance one of the enumerated powers? (14 cases)
- Capitation Tax/Fifth Amendment (Due Process) - Is the fee for being uninsured a tax (because it will be a line item on Form 1040)? Or is it a penalty? If a tax, then is it a Capitation tax, expressly forbidden? If a penalty, then is it imposed without Due Process? (12 cases)
- Altogether, there are 23 filed cases against 37 provisions of the US Constitution.



If health insurers want to insure us, then they should insure us. What they should not be free to do is to wait until you develop a condition and then desert you. And likewise you as a consumer are not free - nor should you be free - to abstain from the health insurance market altogether, and scurry around looking for someone to pay the bills once you finally do get sick. Both patient and insurance company are demanded to play the game before either one knows the outcome. And this is not happening when the youth can opt out without consequence, and the insurer can opt out as soon as the hand turns sour.