



## Health Insurance: Are you owed a refund?

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HOUSTON—Critics of what big insurance companies charge for health plans say Texans are due a big refund. By one estimation, the companies took in \$196 million over and above what some believe can be justified. And that was in a single year.

"In some years, under half of premium dollars they took in were spent on health care," said Stacey Pogue of the Center for Public Policy Priorities, a think tank in Austin that advocates for low and moderate income citizens.

The CPPP wanted to see just how insurance companies collected and spent the staggering \$20 billion a year that Texans pay to health plans. But Pogue said she had to fight to get the exact figures.

"Several insurance companies objected to the release of the data," Pogue said.

The CPPP eventually got the data and found that among health plans sold to small employers, some insurance companies were paying out only 60 or 70 percent in claims, in other words keeping 30 or 40 percent of the money collected through premiums. One company paid out as little as 46 percent in claims.

Specifically, the group found of the money collected from claims: United Healthcare paid out 76 percent on claims, Blue Cross Blue Shield paid out 66 percent, Humana 76 percent and MEGA Life 46 percent. [Click here to read the entire report.](#)

What would be a fair percentage? A state legislative committee decided companies should be paying out at least 80 percent for claims.

"We came up with some numbers we thought were very appropriate," said State Rep. John Zerwas, a Republican from Simonton who was one of the bi-partisan group of lawmakers who authored a bill that set forth suggested minimum percentages.

Asked if the proposed legislation would save Texans money, Rep. Zerwas said, "That would be our intent."

Had the bill been put into law, the CPPP estimates it could have meant refunds to Texas health plan customers of millions of dollars.

For example: to Blue Cross Blue Shield customers, a total of \$102 million, to Aetna customers \$41 million, and for all plans statewide, \$196 million in refunds, according to the group's calculations.

As it turned out, the bill didn't survive in the last session of the Texas Legislature. But Zerwas said it may very well be resurrected next year. He said it's a response to the outrage he and other lawmakers continue to hear about health insurance companies that pay big salaries to executives while at the same time denying coverage to people with pre-existing conditions or refusing to cover treatments patients claim they need.

But any attempt to regulate health insurance rates, which Texas currently does not do, is condemned by advocates of free market economics.

"I think it misses the point. The point is, the very best regulator is the consumer himself," said Arlene Wohlgemuth of the Texas Public Policy Foundation. She told 11 News what would make a bigger difference in affordability would be to make it easier for individuals to shop around for the plans with the best rates and features.

Regulation opponents point out that overall, Texas health insurance rates are just a little above the national average, despite the state having no regulation on excessive premiums. For employee-sponsored family coverage, the average plan in Texas costs \$12,780 a year, compared to the national average of \$11,480 (source: Texas Hospital Association).

"The idea that (big insurance companies) are hoarding profits and not have that reflected in the price is nuts," Jared Wolfe of the Texas Association of Health Plans said.

Wolfe, the insurance industry's lead lobbyist in Austin, calls the proposal a "desperate attempt to control health care costs."