

## What do the changes to the American Healthcare System mean to the Medical Travel Insurance Industry ?

### (OBAMACARE and Emergency Medical Travel Insurance)

Obamacare envisages bringing millions of uninsured U.S. citizens into a system intended to make US healthcare an achievable expectation for all it's citizens. This is to occur while the U.S. is in the midst of the worst financial crises in history, and which is in line with the rest of the world.

So who will fund the realization of this expectation? Clearly not the U.S. Government who is committed to reducing it's debt. Providers of medical care, with emphasis on hospitals, will still have to balance their books. In other words, someone will have to pay for this. Logically this means an increase in premiums for those insured, be it domestic or International. The expectation of International Insurance Payors or their Intermediaries, enjoying rates of reimbursement at money losing levels of the U.S. MediCare system, is not only unrealistic, but clearly offensive to medical providers. Even multiples of these base levels of re-imbursement, often used as a standard to calculate re-imbursement rates, are not being accepted by the very vast majority of providers. This is especially so from International Payors, who very rarely, if ever, are able to meet any of the contractual agreements between domestic insurers and providers. This includes payment within 30 or 45 days from receipt of a bill, steerage in the form of benefit differentials, guarantees of payment at the time of service rather, than non-committal meaningless 'verification of benefit" letters, often leaving a provider holding the paper of a denied international claim.

In short, International rates of re-imbursement will have to increase, as will the vigilance with which hospitals monitor and act on some of the hitherto questionable methods utilized by International payers, in accessing the lowest rates of re-imbursement. Those Internationals, used to these type of questionable re-imbursement rates, will be impacted to a far greater degree than those who have traditionally paid what is fair for a provider to expect for services to an International patient/payer. Insurance Premium Rates for this group will have to be increased to a far greater extent, as these payers bare the impact of having to pay significantly more for the same service, at the same facility. This does not necessarily mean that providers will be increasing their prices. Those International payers/Insurers currently settling provider bills at reasonable rates, will not shoulder as heavy a burden as will their short sighted counterparts. Nevertheless, even this group can expect an increase in payouts, less favorable

loss ratios, and the inevitable need to increase premiums, albeit to a much lesser degree.

Rick Ungar, Contributor

I cover the public health care policy beat

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# The Bomb Buried In Obamacare Explodes Today-Hallelujah!

I have long argued that the impact of the Affordable Care Act is not nearly as big of a deal as opponents would have you believe. At the end of the day, the law is – in the main – little more than a successful effort to put an end to some of the more egregious health insurer abuses while creating an environment that should bring more Americans into programs that will give them at least some of the health care coverage they need.

There is, however, one notable exception – and it's one that should have a long lasting and powerful impact on the future of health care in our country.

That would be the provision of the law, called the medical loss ratio, that requires health insurance companies to spend 80% of the consumers' premium dollars they collect—85% for large group insurers—on actual medical care rather than overhead, marketing expenses and profit. Failure on the part of insurers to meet this requirement will result in the insurers having to send their customers a rebate check representing the amount in which they underspend on actual medical care.

This is the true 'bomb' contained in Obamacare and the one item that will have more impact on the future of how medical care is paid for in this country than anything we've seen in quite some time. Indeed, it is this aspect of the law that represents the true 'death panel' found in Obamacare—but not one that is going to lead to the death of American consumers. Rather, the medical loss ratio will, ultimately, lead to the death of large parts of the private, for-profit health insurance industry.

Why? Because there is absolutely no way for-profit health insurers are going to be able to learn how to get by and still make a profit while being forced to spend at least 80 percent of their receipts providing their customers with the coverage for which they paid. If they could, we likely would never have seen the extraordinary efforts made by these companies to avoid paying benefits to their customers at the very moment they need it the most.

Today, that bomb goes off.

Today, the Department of Health & Human Services issues the rules of what insurer expenditures will—and will not—qualify as a medical expense for purposes of meeting the requirement.