

Wall Street Journal Examines How Obama Administration, Democratic Congress Would Affect Health Insurers

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The *Wall Street Journal* on Thursday examined how health insurers "are priming themselves to gain new business from policy changes likely to be approved with Democrats in control of Washington." A recent report by [Sanford C. Bernstein](#) found that health insurers' revenue could grow slightly under the Obama administration and Democratic Congress, while their profit margins could experience a small decline.

According to the *Journal*, many insurers are expecting Democrats to focus on expanding Medicaid and SCHIP and have responded "by jumping deeper into the business of running those plans for states." Analysts predict that Democrats could expand coverage under the programs to an additional 15 million uninsured U.S. residents. President-elect Obama is expected to sign SCHIP expansion legislation by April 2009 when the current extension expires, and enrollment in the program could nearly double -- particularly "if the financial crisis prevents or delays more ambitious universal-coverage plans," the *Journal* reports. Meanwhile, [America's Health Insurance Plans](#) has been urging lawmakers to make eligibility requirements for the programs more consistent across the states, "effectively broadening them," according to the *Journal*.

The *Journal* reports, "The industry is doing its best to make sure those potential gains aren't offset by what it sees as inevitable cuts" to private Medicare Advantage plans, which on average are paid about 13% more per beneficiary than traditional Medicare. For example, [Humana](#) for the first time has established premiums for some plans next year "as part of a longer-range effort to steer people into plans that rely on hospital and doctor networks to better control medical costs," according to the *Journal*. Richard Barasch, CEO of [Universal America Financial](#), said, "We've been assuming for a while there would be changes in reimbursements [for MA plans] and planning for it."

Health insurers remain divided on broader health care reform proposals. Some insurers -- including [Aetna](#), [Blue Shield of California](#) and [Cigna](#) -- support requiring all U.S. residents to obtain health coverage. Aetna CEO Ron Williams said, "We need everyone in the insurance pool." Edward Hanway, CEO of Cigna, said, "We do see opportunity. I think it's also fair to say we expect some increasing regulation," adding, "We're very focused on being an active voice at the table and talking about what kind of reform makes sense." Others are opposed to an individual coverage mandate, but say that it would be necessary if insurers are required to cover all applicants (Fuhmans, *Wall Street Journal*, 11/6).

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