

# ***Insure Idaho!***

## **The Private Health Insurance System is Failing Idaho's Families and Small Businesses**



**Idaho Community Action Network  
Northwest Federation of Community Organizations**

**Spring 2005**

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***By Mark Whitney and Julie Chinitz***

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# Introduction

## **The Health Insurance Crisis Is Worsening**

More and more Idahoans have no health insurance. And more and more insured Idahoans are insured only on paper. The health insurance crisis has serious consequences for the physical well-being of Idahoans, for the financial security of families, and for the overall economic viability of the state.

## **Sources of Private Health Insurance Are Drying Up**

Idahoans cannot count on work as a source of health coverage anymore. Jobs are shifting away from industries that provide health benefits to those that do not. And individuals are priced out of the private market – or shut out based on their health status.

## **More and More People Are Only “Insured on Paper”**

Increasingly, people are paying more for insurance and getting less. Insurance policies with high out-of-pocket costs and strict limitations leave people vulnerable to medical emergencies and the financial insecurity that often follows as a result.

## **The Health Insurance Crisis Threatens Idahoans’ Physical and Financial Security**

Lack of quality coverage translates into poorer health and reduced life expectancy. When individuals are uninsured or underinsured, they cannot afford to seek timely, adequate health services. More and more Idaho families are just one medical emergency away from bankruptcy.

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## **Insurers Engage in Small Business Discrimination**

Due to rising premiums, it is getting harder and harder for small businesses to provide health coverage to their employees. Business owners are even dropping their own coverage. The inability of small businesses to offer health insurance threatens their competitiveness and Idaho's economic development.

## **Idahoans are Uniting for Access to Quality, Affordable Health Insurance**

Idahoans cannot afford to let the health insurance crisis continue to worsen further. Individuals, families, small businesses, and health care providers agree that solutions are needed. They are coming together to urge state lawmakers to protect the public's interests when it comes to health care.

## **Idaho's state government has a responsibility to the people of Idaho**

It's time to restore integrity, accountability, and transparency to our health insurance market and get a handle on prescription drug prices. It is an important role of our state government to monitor health insurance, stop discrimination against small businesses, and ensure access to quality coverage.

**Carla Crawley**, *Worker and Mother, Chubbuck*

I live in Chubbuck with my husband, son, and daughter. My husband and I work temporary jobs with little job security and irregular hours. We have a combined income of about \$1,200 a month. None of us has health insurance. My husband lost his when he was downsized.

I have asthma, and haven't had medicine for it in about a year. I also have a lump in my breast that seems to be getting bigger, but I can't save up so I can get it checked out – there just isn't any money to save. My husband has hernias and acid reflux. He's constantly throwing up his food, but there's nothing he can do about it because he can't see a doctor. Neither of my kids has insurance. My daughter has problems with debilitating cramps, but we can't afford a diagnostic visit.

We're in a Catch-22, not having work with good, affordable health coverage. My untreated asthma makes it more difficult for me to breathe, which makes it hard for me to work. My husband's bad back has made working difficult for him. We keep going to work hurt, and probably doing ourselves more damage.

My husband has applied and reapplied for better jobs. But why would they want someone who's got a bad back when they could hire a young, healthy guy who won't hurt their insurance rates? That leaves us hoping that my lump isn't serious and that his back will get better. Hope is about all we've got right now.

**Idahoans can't count on employment for health coverage**

*As the cost of insurance continues to rise, jobs are shifting away from industries that provide health insurance to industries that don't. In the meantime, more and more Idahoans – nearly one in five – have no choice but to go without health insurance and health care.*



**J.L. Byington**, *Uninsured Home Caregiver, Boise*

I am 57 and the primary caretaker of my mentally disabled daughter, Peggy, who is 38. She suffered a serious head injury as a young child and is covered through Medicaid due to her disability. But I have been uninsured for 17 years. I can't afford private insurance.

The state pays me \$53 a day to provide care for my daughter. I have two bachelor degrees from Boise State, but having a child with special needs, it is difficult for me to work a regular job. Most employers don't offer the flexible scheduling that I need to take adequate care of Peggy.

My family has a history of heart attacks and strokes. I have high blood pressure. If I had a medical emergency, I'd have to pay for treatment with a credit card. Then I'd have to file for bankruptcy and hope I could save my house.

There are a few things that I would like the people in office to know about health care. Why do people who need treatment the most have to pay so much more for insurance? Legislators get good, affordable insurance, and they don't understand the situation the rest of us are in. Idaho should insure everyone.

**No options in the private market**

*When individuals cannot get insurance through an employer, often the individual market is their only option. But these policies are often prohibitively expensive, and private insurance companies are permitted to discriminate against applicants based on their health status.*



**Donald Craig**, *Medically Indebted Worker, Boise*

I have lived in Idaho since I was nine. Most of my life I've worked in construction and other low-wage jobs. Only one of them offered any benefits.

A few months ago, while working at the Piper Pub, I found out I had gall bladder problems. I had to quit my job and get my gall bladder removed. The bill was over \$11,000, so I went to the county to request a loan for my hospital bill. Now I owe the county almost \$12,000.

This debt is really setting me back. I'm already \$1,000 behind on my rent, and I'll have to sacrifice my glasses, which I need in order to see well. I won't be able to get the dental work done that I need, so those problems will only get worse.

There are thousands of stories like mine across Idaho. Our health care system just isn't working. If we had a system where preventive care were possible, people wouldn't have to land in the hospital after the situation only gets worse. We need a health care system with less red tape and better access to basic and preventive care.

**Hospitals often discriminate against the uninsured**

*Uninsured people are often charged more for health care than are people with health coverage. Health insurance companies can negotiate discounts, but individual consumers cannot. As a result, people with the lowest income often must pay the most.*



**Sherri Bryant**, *Uninsured, Boise*

At one point in my life, I ran the accounting and payroll department at S.W. Kenworth and did public relations work. I made a six-figure salary. But things have changed.

In 1987, my husband had a snow machine accident. He was laid up for six months and lost his job and health insurance. We started driving a truck together, but he blew seven disks in his back from the heavy lifting. Since then, he's been diagnosed with congestive heart failure and diabetes, and he's started having strokes. But we'll never be able to afford private insurance for him again.

Our medical bills have piled up. When I was driving a school bus, I was injured rescuing an autistic child from a German shepherd. I fell on the ice, dislocated my shoulder, broke my arm in four places, and broke my collarbone. It's so painful now that I've been prescribed patches, at \$700 a month, for the pain.

At one point, we owed around \$120,000 in medical bills. We were paying it off—as much as \$3,000 a month – and we never missed a payment. But after three years, the hospital tried to take our home. So we filed for bankruptcy, and for five years I made payments until the terms were satisfied. But our credit was completely ruined.

What good is insurance if it doesn't cover what you need? If you lose it right at the moment you need it most? Or, if it costs so much you can't afford to keep it? We need affordable health insurance that actually gives Idaho's families and small business owner's real security, both physically and financially.

**Many families are just a medical emergency away from financial ruin**  
*Around the country, it is estimated that half of those who file for bankruptcy do so due to illness or injury. Medical debt often causes people to go without food, electricity, and needed health care and medications.*



**Lisa Hopkins**, *Small Business Family, Pocatello*

I am 28 years old, married, and the mother of four young children. My husband owns a small cabinet-making business in Pocatello. But the business does not earn enough for insurance for us or the employees, so we're all uninsured.

Shortly after the birth of our first son, we applied for and received Medicaid. But early last year, we were denied continued Medicaid coverage because of our assets, including the tools for my husband's business. So now we're faced with debt of over \$3,000 for the delivery of my youngest daughter.

My husband is working very hard at getting his business going. Until it starts making much more money, we won't be able to afford health insurance. Even when business does pick up, I'm concerned that the costs will still be too high. From a small business perspective, Idaho really needs a fair, accessible, and affordable health insurance program.

**Small businesses cannot afford to insure their employees**

*Small businesses are the backbone of Idaho's economy, but it's getting harder and harder for small business owners to afford private health insurance for their employees – and even for themselves.*



**Cheri Lindley**, *Small Business Owner,*  
*Boise*

My husband and I run a small business with three employees. We used to offer catastrophic health coverage for our employees, but now we can't afford even that. Small businesses like mine operate on such a small margin – we could take out insurance now, close our doors, and shut down in bankruptcy.

I come from a proud family of small business owners. My father ran a grocery store in the North End of Boise. I didn't grow up with a silver spoon in my mouth, but our hard work paid off. My employees work hard too, and I wish I could offer health insurance, but the fewer and fewer small businesses can. Something has to be done about this.

The rate band issue makes the situation even worse for small businesses. When I was 48, I had a ruptured brain aneurism and needed extensive medical care. Because that stays on your medical history forever, if we were to go shopping for a small group policy we'd get rated at the top end of the rate band. With the rate bands, one small group could be charged up to three times as much as another, and that's not fair. Idaho can stop small business discrimination.

**Idaho law lets private insurance companies discriminate against small businesses**

*Small businesses may be required to pay three times as much as what another business pays for the same health insurance policy. That's because Idaho uses broad "rate bands" that allow insurers to discriminate based on age, health status, and other factors.*

**Mike Bidelman**, *Self-Employed, Caldwell*

I'm 34 years old and I own my own professional cleaning service. But I may have to close my business and find other work, so I can afford health insurance for my family. A couple years ago we had coverage through my wife's employer, Micron, but she was laid off. Family coverage through her new employer costs too much.

I'm considering going back into construction, but most of the construction firms I've worked for didn't offer adequate health benefits. And if I work as an independent contractor, I'll again be caught in the trap of not being able to afford my own insurance.

My 13-year-old daughter needed braces and they cost \$3,000. I have hepatitis, and the doctor visits and lab work cost about \$275 a trip. The medications would cost an additional \$600 a month if it weren't for a grant I received from an online charity. My daughter's braces and my hepatitis left my family with debt exceeding \$4,000. We're paying about \$220 a month – like another car payment!

If my family had good health insurance, we wouldn't be dealing with such financial insecurity. Idaho needs to make health insurance affordable for small business owners and the families we support.

**The failure of the private health insurance market threatens Idaho's economy**

*Compared to the country overall, Idaho depends heavily on small businesses and self-employment. The health insurance crisis hurts the ability of small businesses to attract and retain workers – and to stay afloat.*

**Sandy Smith**, *Homemaker, Pocatello*

I am 53 years old. My husband and I are the proud parents of a ten-year-old son. Currently we have "insurance," if you can call it that – all we can afford is catastrophic coverage. We can't even start getting benefits from this insurance until we've paid \$1,500 out-of-pocket.

Having this coverage doesn't mean we can get health care. It still costs too much. Ten years ago I was told that I needed knee replacement surgery, but it's too expensive. I've been seen for ulcers but can't afford the treatment or further diagnostic tests I was recommended. And my son hasn't been to a check-up since he was five years old.

We just can't afford to go to the doctor. Having "insurance" like ours doesn't provide any real security. Premiums keep going up and benefits keep going down.

Taking care of people should be the first job of the state. And insurance should cover your medical bills. Everyone should be able to afford to go to the doctor and get treatment. That's what I believe – and so do most Idahoans.

**People are paying more for coverage and getting less**

*More and more people insured on paper have coverage that is very limited or requires high out-of-pocket costs. These underinsured encounter the same financial and health care problems as those who are uninsured. In fact, most people filing bankruptcy due to health problems actually had coverage when they became sick.*



**Terri Boles**, *Student & Mother, Boise*

I'm a full-time student at Boise State University and the mother of two young children. I'm on the BSU health plan right now (with a very high deductible), my son is covered by the Children's Health Insurance Program (CHIP), and I'm working to get my daughter back on CHIP.

When I was pregnant with my son, my husband and I were both working, but our jobs paid just six or seven dollars an hour. We couldn't afford the insurance offered by our employers. The delivery cost over \$6,000, and we had no choice but to declare bankruptcy.

But having insurance doesn't mean you can afford health care. Last July my daughter got the measles after getting her immunizations, and I had to take her to the hospital. I had insurance, but the insurance company said her illness was due to a pre-existing condition – her immunization shots! I fought for months before they agreed to cover anything. Even then, they paid only \$250 of the \$1,000 bill.

Last year my son became very ill with a 105 degree temperature and I took him to the emergency room. Fortunately, he was covered by CHIP, because I couldn't have paid the bill without it.

There's a double standard when it comes to keeping kids healthy. Our state leaders say they want healthy children in Idaho, but they don't seem to care that parents often can't afford decent insurance. Insurance and health care should be affordable for everyone.

**Quality coverage makes a real difference**

*Just having health coverage is not enough.*



**Saul Rios**, Disabled Worker, Rupert

I am a proud family man – a husband of twenty-seven years, a father of three, a grandfather of four. My family and I have been living in Idaho for twenty-five years.

When my kidneys stopped working in 2002, I had been employed at the Simplot Potato Processing Plant for twenty years. I had to leave my job. Then, in 2003, then plant closed and my wife was laid off. Since then we've been living off an extremely limited income, just barely getting by.

We kept our health insurance through Simplot as long as we could. Last year, the monthly premiums began rising for no apparent reason. The health insurance company told us that because they had suffered losses the prior years, they needed to raise the rates. We continued paying more and more each month because we had no other option. By October, our premium reached \$700 a month. We had no choice but to drop our insurance.

Since we lost our insurance, I've been taken off the transplant waiting list. I'm at risk every day – I can't miss my dialysis and I can't skip my prescriptions, but I can't afford either one. I'm proud to call myself an Idahoan, but I'm not proud of the way our state turns a blind eye to the health care crisis impacting so many of our people.

**Monitoring health insurance is an important role of our state government**

*Private insurance companies engage in many practices intended to increase their profits instead of providing affordable, quality coverage. Idaho should monitor health insurance costs and require insurance companies to explain and obtain approval of rate increases.*



**Marilena Delgado**, *Mother,*  
*Orofino*

Access to affordable prescription drugs is a problem for Idaho families, whether or not they have insurance. Drug prices are one of the fastest growing health care costs across the country. People have to choose between paying for drugs and paying for basic needs like heat, food, and rent.

I need to take prescription hormones to maintain my health. I can't afford them, but luckily my mother buys them for me – in Mexico!

It's actually cheaper for my mother to pay to travel down to Mexico and buy all our prescriptions there. She just brought me an eight-month supply for \$65 – the same amount it would cost for one month here. And even with this assistance, there are still medications prescribed by my doctor that I can't afford. Does this system make sense?

**Idaho can get a handle on prescription drug prices**

*Prescription drugs are a major cause of increased health care costs. Idaho should use tools like pooled purchasing to negotiate more reasonable prices from drug manufacturers.*





**Claudia Perez**, *Business Owner,*  
*Burley*

I own and run a small business – a day care center – where I employ three full-time employees. From the start, I have been unable to find affordable insurance for my employees or for my own family. The rates I've been quoted have been two or three times those offered other businesses.

My husband works full time, but in this area hardly any companies provide health coverage. So we have medical bills that are not paid off.

This health care crisis in Idaho makes me sad. Every day I see families come in and out of my business, and I hear the stories of how they work long hours and have no health coverage. It makes me think how my own employees must feel. I truly would love to provide health insurance for them and maintain a strong workforce, but I can barely afford to have the lights on during the time of business.

I ask that something be done to change this system. These health insurance companies need to think about the meaning of family and understand that the people of Idaho just want affordable rates to ensure their families' well-being. Rates should be equal for everyone who purchases the same plan.

**Idaho can stop small business discrimination**

*The Idaho Legislature and our insurance regulators can stop small business discrimination. They should change the rate bands and require insurance companies to charge the same rates for the same coverage.*



**Darla Johnson**, *Home Caretaker, Pocatello*

I have three children and care for my 83-year-old father, who has dementia. My husband installs furnaces with a local company, but he doesn't receive benefits, and my children, husband, and I are uninsured.

Over the years I've had many health problems. But I've often gone without treatment, and even without food, so I could get my children to the doctor when they are sick. If more than one child came down with the same illness, I asked the doctors if they would give both children prescriptions and charge just for seeing one of them. I often feel demoralized and humiliated for the things I have to do to get medical care for my children.

When I was younger an eight-foot log fell on top of my foot. I'm sure my foot was broke, and I used a snow boot as a cast. For over two months, I was in pain. Now, I have frequent sprains and other discomforts in my foot and ankle.

A few years ago, I had two teeth that abscessed. They became so infected that I had to pull one myself, since I can't afford a dentist. For two days I pried around with pliers and removed it. But I broke off a piece of the root, and eventually I had to have surgery – which I was able to get only because of the kindness of the dentist.

If I could say one thing about health care in Idaho it would be that everyone should be able to see a doctor when they need to.

**Idaho's state government has a responsibility to the people of Idaho**  
*It's time to restore integrity, accountability, and transparency to our health insurance market. Idaho's state government should exercise real oversight and ensure access to quality, affordable health insurance for all Idahoans.*

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# Conclusion

## **The private health insurance crisis demands action from state leaders**

As the private health insurance crisis worsens, the health and financial security of all Idahoans is increasingly at risk. Though the scope of the problem may appear daunting, the hands of our state are not tied. The private health insurance crisis demands action on the part of our state decision-makers.

➤ **Monitoring health insurance is an important role of our state government**

Private insurance companies engage in many practices intended to increase their profits instead of providing affordable, quality coverage. Idaho should monitor health insurance costs and require insurance companies to explain and obtain approval of rate increases.

➤ **Idaho can get a handle on prescription drug prices**

Prescription drugs are a major cause of increased health care costs. Idaho should use tools like pooled purchasing to negotiate more reasonable prices from drug manufacturers.

➤ **Idaho can stop discrimination against small businesses**

The Idaho Legislature and our insurance regulators can stop small business discrimination. They should change the rate bands and require insurance companies to charge the same rates for the same coverage.

## **Idaho's state government has a responsibility to the people of Idaho**

It's time to restore transparency, accountability, and integrity to our health insurance system and get a handle on prescription drug prices. It is an important role of our state government to monitor health insurance, stop discrimination against small businesses, and ensure access to quality coverage.

## **About the Organizations that Prepared this Report**

**The Idaho Community Action Network (ICAN)** serves as a powerful, consolidated voice for low- and moderate-income Idahoans, with chapters and membership clusters in fourteen Idaho communities, including the state's three largest cities and numerous rural areas. Through ICAN, low-income Idaho families have a voice in the decisions that impact their lives. In addition to its direct action work, ICAN runs a statewide, volunteer-driven food program that helps low-income families supplement their monthly budgets. ICAN's community organizing model integrates the provision of food with training, leadership development, and action on issues to win concrete changes in people's lives and advance the cause of social, racial and economic justice for all Idahoans.

**The Northwest Federation of Community Organizations (NWFCO)** is a regional federation of four statewide community-based social and economic justice organizations located in the states of Idaho, Montana, Oregon and Washington: Idaho Community Action Network (ICAN), Montana People's Action (MPA), Oregon Action (OA), and Washington Citizen Action (WCA). Collectively, these organizations engage in community organizing and coalition-building in fourteen rural and major metropolitan areas, including the Northwest's largest cities (Seattle and Portland) and the largest cities in Montana and Idaho.

***Insure Idaho!*** is Idaho's new community alliance for affordable health care. The alliance facilitates joint initiatives involving grassroots community organizations, small businesses, labor and faith groups working together to promote quality, affordable health coverage for all Idahoans.

*For more information, contact:*

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