

Even those with health insurance going broke

by *The-Seattle-Times*

SEATTLE - When Mark Moody and Glenda Krull could no longer afford both health insurance and mortgage payments, the Edmonds couple knew which had to go. They sold their house. Moody, 60, had a liver transplant four years ago and may need another. He alone pays \$1,345 a month for the most generous policy he can buy from Premera Blue Cross. And he's desperate to hang on to it - even though the costly premiums drove his wife to downgrade her own coverage, decimated their retirement savings and, just this month, forced them out of their well-appointed home into a newly purchased house half its size. For Americans with serious illnesses, even good insurance is no guarantee they won't go broke and they will get all the medical care they need. In 2007, nearly two-thirds of all personal bankruptcies filed across the country were linked to illnesses, loss of income or high medical bills, according to a survey published in June by researchers at Harvard University and Ohio University. Of those cases, 78 percent of the debtors had health insurance when they first got sick. What's more, even insured people without serious health problems like Moody are struggling to afford increasingly higher deductibles and co-pays that are eroding the value of employer-provided insurance - even as employers are also paying more to provide that coverage. In fact, an estimated 25 million Americans too young for Medicare have coverage that is too scanty to shield them from potentially crippling bills. Perhaps as much as the plight of the 46 million Americans with no coverage at all, it's this anxiety - the worries of the medically insured - that's driving Congress to take on the most ambitious health-reform efforts since former President Bill Clinton's first term. "It's not just the uninsured. It's people who have insurance that doesn't protect them" who are fueling the hunger for reform, said Sara Collins, an economist and a vice president at The Commonwealth Fund, a private health-care foundation in New York. Until about a year ago, Moody and Krull lived comfortably on her earnings as an associate broker for Windermere Real Estate. But despite their income and his seemingly gold-plated coverage, he can't get either a second organ transplant or an expensive drug that might eradicate his hepatitis C without risking financial peril. A ruminative, youthful-looking man, Moody is a retired real-estate developer who now volunteers with Northwest Awakening, a nonprofit Christian outreach group he founded. He readily acknowledges the clashing self-interests - his included - that are attempting to sway the debate over reforms. Yet he also believes that when insurance slips beyond the grasp of people like him and Krull, it's a sign that the country's health care system has gone seriously awry. "People say, 'You make \$100,000 a year. What's your problem?'" Moody said. "They in their wildest imagination don't think that we can be devastated by the same things." Moody and Krull are supposed to be among the fortunate-two of the 175 million Americans with private health insurance. For the vast majority of them, employers subsidize their coverage, while about one in 10, like Moody and Krull, pay full freight for individual policies. Krull, 49, exudes the warmth and organization of a successful broker, recalling with equal ease the details of her listings and the fine print in her husband's policy. When she first enrolled in a Premera plan in 1995 after a divorce, she remembers that it cost only a few hundred dollars a month. In 2000, she married Moody and added him to her policy. Though affordable at first, their premiums kept rising sharply. Their combined monthly premiums now total \$1,746. "Who the heck can afford that kind of money?" Krull asked plaintively. The couple drained \$40,000 from his 401(k) account to keep up with the bills. Six months ago, they started tapping into her retirement account. Even at that, "we were going under water every month," Krull said. For Moody, the hard reality is that he can't afford not to have insurance. He has lived with a slowly progressing form of hepatitis C since the late 1960s, likely contracting it as a teenager while shooting drugs with a tainted needle. In October 2004, Moody's doctor told him his liver was failing. Three months later, he underwent transplant surgery at the University of Washington Medical Center - a \$250,000 procedure covered in full by Premera. Moody knows Premera has made not a dime off him. He also realizes that expensive medical advances such as transplants are one of the key causes of escalating health-care costs. According to federal data, the U.S. spends an average of nearly \$8,000 per person on health care annually - far more than any other nation. But that spending is heavily skewed. The sickest 5 percent of Americans use up \$100 for every 64 cents spent by the healthiest 50 percent of the population. "I have benefited from insurance. I'm not here to point fingers," Moody said. "But we've had to make choices we've never had to make before," he added. "Do I make my health-insurance premiums or do I pay my mortgage?" In May, with Krull's real-estate commissions shriveled by the recession, the couple reluctantly put their gorgeously landscaped four-bedroom

house on the market. It sold quickly, relieving them of monthly mortgage payments of \$2,400. Krull's composure cracks and tears fill her eyes as she describes the young family that's happily ensconced there now. "I'm sad because I'm a hard worker and I did the right things," Krull said. "I don't mind paying for health care. But it seems out of control." She's also angry that her husband's policy will not pay for a second transplant. Moody's donor liver is slowly deteriorating, and he'll someday need to replace it. His doctor also says a drug called Pegasys may offer a slim chance of wiping out the hepatitis C virus, possibly sparing him the need for another transplant. But Pegasys and drugs that must be taken with it cost almost \$5,000 a month - equal to Moody's annual prescription-drug cap. "I am paying to a company that will not help my husband live," Krull said. Jeff Roe, a Premera vice president, said Moody's coverage is already richer than is standard for individual plans. Any better, Roe said, and premiums would be prohibitively expensive. "Unlimited benefits would be unsustainable," Roe said.

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