



Health insurers have 'ignited the case' for regulation, Lois Quam says

By Casey Selix | Thursday, Oct. 29, 2009

Former UnitedHealth Group executive Lois Quam said Wednesday that the health-insurance industry's actions in the reform debate have "ignited the case" for federal regulation of the industry, including its governance, compensation and business practices.

"It is simply a matter of when and what," she told an audience at the Hubert H. Humphrey Institute of Public Affairs. "Insurers could have avoided this by demonstrating a consistent public spirit in this debate, but rather their actions have made these steps simply a matter of time."

Insurers currently are regulated by individual states; in Minnesota, the Commerce Department polices the nonprofit industry.



Quam's remarks came during a lecture titled "Making Insurers Accountable: The Case for a Public Option in Health Reform." The lecture was sponsored by the Center for the Study of Politics and Governance. Though the lecture was scheduled some weeks ago, it was especially timely because Senate Majority Leader Harry Reid, D-Nev., proposed an opt-out public option earlier this week.

Views 'have always differed'

Quam, who now runs an incubator focused on health care and the green economy, said she's well aware that her views on insurance reform and a public option "have always differed" from other UnitedHealth executives and the insurance industry as a whole.



Lois Quam

"Though I left the insurance industry several years ago," she said, "I knew that this time the insurance industry had an opportunity to take a new course in the health-care reform debate — a different course than they had taken in the '90s [during Clinton reform effort], a different course than they had taken when they opposed Medicare and Medicaid in the '60s."

She said the industry's recent release of a controversial PriceWaterhouseCoopers report, which claims reform proposals will increase the cost of private insurance, showed her that little has changed since the last reform effort. Insurers' "efforts to protect themselves rather than build something for the American people" will lead to more reform than expected, she said, pointing to the recent revival of the public option.

"As a result, with its behavior during the debate, the industry itself has made the case for public health insurance," she said.

Gaps showed need for programs

Public programs like Medicare and MinnesotaCare came about because of gaps in health insurance coverage, said Quam, who led the effort to create MinnesotaCare, an insurance program for low-income residents.

"The very reason Medicare had to be created in the 1960s was because the private health insurance market wasn't offering affordable coverage to seniors," she said.

In a question-and-answer session afterward, Larry Jacobs, director of the Center for the Study of Politics and Governance, asked Quam whether she supported the opt-out public option proposed by Reid. Such a provision would allow states to decide whether or not they wanted to participate in the health-care program.

"I'd much rather have a public option that does not include opt-out," she said. "Having worked in health care for a long time, I've seen that some states like Minnesota do a good job (with public programs) and some states don't." She cited the Mississippi Medicaid program as one that does not work well.

It was also during the Q&A that Quam said that the health-insurance industry's tactics in the debate prompted more calls for ending a longtime anti-trust exemption.

"Its actions in this debate have ignited the case for federal health-insurance regulation," she said.

Though individual states have regulated the industry, she said, insurers are growing into national concerns. Quam's former employer, Minnetonka-based UnitedHealth, is the nation's largest insurer.

Health insurers could have made a better case for themselves in Washington, she said, by acknowledging their historic resistance to reform and indicating a willingness to work on universal access for all Americans, including a public option. "[They could have said] 'we understand that reform is really important and that this is about the American people. It's not about taking care of us; it's about taking care of the American people, and we think we have a lot to offer and we would like to offer it.'

"They could have supported a public option, and when the going got tough, it's not attacking the people who are trying to make it work. That's what it would have taken."

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