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UnitedHealth to Insure the Right to Insurance

By [REED ABELSON](#)

For these economically uncertain times, the [UnitedHealth Group](#) has a “first of its kind” product: the right to buy an individual health policy at some point in the future even if you become sick.

Called UnitedHealth Continuity, the product is not actual medical insurance, but is aimed at people who may have insurance now but are worried they may lose it — and may not be able to obtain replacement insurance on their own. They may expect to retire early, for example, before they qualify for [Medicare](#). Or they are worried about the possibility of losing their job and their health coverage.

People who are already sick will generally not be eligible for the new product. Those who do pass a medical review, will pay 20 percent each month of the current premium on an individual policy to reserve the right to be insured under the plan at some point in the future.

“What this product is designed to do, for a very modest premium, is to essentially protect your insurability for the future,” said Richard A. Collins, the president of UnitedHealth’s individual insurance unit, who says he is the first policy holder. His monthly fee is \$50.

Some health policy experts question whether UnitedHealth Continuity is a good way for consumers to spend their money. They acknowledge that people who are forced to buy insurance on their own face a daunting task. If they are not healthy, such people may find any available coverage too expensive. And most states let insurers refuse to sell new individual policies to anyone with a pre-existing medical condition.

But if changes to the health insurance system do occur under the Obama administration, they say, UnitedHealth’s new product may become obsolete.

“As an individual, you’re betting against health reform,” said Peter V. Lee, the executive director of national health policy for the Pacific Business Group on Health, a California group of employers who provide health coverage for their workers.

Mr. Lee notes that there is serious talk in Washington of having private insurers agree to offer individual coverage to anyone, regardless of their health status. People who choose to pay for the UnitedHealth guarantee could find that the insurance industry will eventually be providing the same thing free.

“It’s an attempt to have a market solution to a market failure,” Mr. Lee said.

Mr. Collins says he is unconcerned about the possibility of health reform, given the uncertainties surrounding any government efforts. “Until something happens, this is a really good tool,” he said. UnitedHealth, which announced the UnitedHealth Continuity product Tuesday at an investors’ conference in New York, plans to

begin promoting it in coming weeks.

It is initially available in 25 of the 40 states where UnitedHealth currently sells individual insurance, which do not include New York and New Jersey. The company is applying to sell it in the other 15 states, including Connecticut, where it now sells to individuals. The monthly fees for reserving the right to UnitedHealth's insurance will vary, depending on people's age and sex, where they live and how generous a coverage plan they select.

A 50-year-old male in Columbus, Ohio, who planned to eventually take an individual policy in which he would be obliged to pay the first \$3,500 in medical bills would pay \$32 a month for the right to eventually get that coverage — or 20 percent of a policy that now costs \$159 a month.

But it is uncertain exactly how much he could end up paying for the guarantee, or for the medical coverage itself in the future. The premiums, and the monthly fees, are likely to increase over time.

And people attracted to the new product could eventually develop costly medical ailments, experts say, so enrollees might eventually have to pay higher premiums than people able to join plans open only to the healthy. But UnitedHealth says that the upfront monthly fees it collects could help defray some of those higher medical expenses down the road, if they do occur.

People who lose their employer-provided coverage do have other options. Under the federal Cobra law, they can continue their employer-based coverage for a time after losing or leaving their jobs. And some states have insurance programs available even for those who are at risk of incurring high medical bills.

Private insurers are increasingly interested in coming up with new plans that offer coverage even to those individuals with pre-existing conditions, said Bob Vineyard, an insurance broker in Atlanta. He said he expected such plans to be introduced next year.

There are people for whom the new UnitedHealth Continuity product will make sense, Mr. Vineyard said, like someone who expects to work on contract for employers that offer health benefits but who anticipates gaps in that coverage.

But Mr. Vineyard said he did not expect the Continuity plan to have widespread appeal. Many people, he said, especially those who are already struggling in the current economy, may not want to spend the money for the coverage. "I think it's got very, very limited application," he said.

Some financial planners are also lukewarm to the idea of spending extra money for a guarantee. Neil Brown, a financial planner for Burkett Financial Services in West Columbia, S.C., compared such a purchase to sleeping with a life preserver for fear of drowning. Some advocates for changing the health insurance system say that rather than expecting individuals to spend hundreds of dollars a year for a guarantee they may not need, the government should do more to make sure everyone has access to coverage.

"This product is taking advantage of the lack of sensible health reform that could easily solve this problem," said Ron Pollack, the executive director of Families USA, a consumer advocacy group in Washington.

But Mr. Collins of UnitedHealth argues that Continuity is a way for consumers to make sure they can obtain medical insurance that may be better than anything the government comes up with.

“I think it’s a terrific hedge,” he said.

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