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### California Legislature Votes to Kill the Health Insurance Industry....

Opinion by Consumer Advocate [Tim Bolen](#)

Sunday, November 26th, 2006

There is a war on in the United States over health care. On one side is the "status quo" represented by the medical monopoly, the pharmaceutical industry, the health insurance carriers, and an entrenched bureaucracy wholly beholden to, and run by, the people they are supposed to regulate.

The US system, according to the World Health Organization, is rated 72nd in quality, but number one in cost, worldwide. The "Death by Medicine" study shows that the system itself is the number one killer of Americans. The number two and three killers of Americans are heart disease and cancer, diseases which those of us outside of the "status quo" know are curable, and preventable - but those cures and preventive treatments are being suppressed by agents of the "status quo."

On the other side is a beleaguered America simply trying to find ways to survive.

(1) The medical monopoly is so evil, in itself, that medicine is no longer an honorable profession. For it isn't about helping people - it's about gouging money out of an unsuspecting public. For instance: there are five million legitimate health professionals working in the United States, three million of which are licensed by individual States, and two million of which are unlicensed. But only seven hundred thousand (14%) of those can bill health insurance, Medicaid, or Medicare for their services.

Why is that? Because the American Medical Association (AMA) has a contract with the US Department of Health & Human Services (DHHS) to write billing codes (about 6,500 CPT Codes) for ALL health professionals - but will not invent codes for anyone but those seven hundred thousand medical doctors (the number one killer of Americans). This, of course, means that all four million three hundred thousand other health professionals in the US, in order to get paid, must bill THROUGH an MD using "their" codes - so that the MD gets a cut of the money (and increases the costs). There are only two exceptions - out of the approximately 6,500 CPT Codes available, there are four codes for Chiropractors to use, and one for Acupuncturists.

(2) The pharmaceutical industry is so corrupt few Americans believe anything they say - despite their massive television advertising campaigns. Since the drug industry got permission from the US FDA in 1998 to advertise directly to the consumer the only change we've seen is a 500% increase in the price of prescriptions. The money seems to go for television news hour advertising.

(3) The US health insurance industry is rotten to the core. The biggest group of individual bankruptcies in the US are those that had health insurance for an illness and found out, the hard

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way, how the health insurance system actually works.

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For instance: If you have an 80-20 policy, supposedly where the insurance company pays 80% and you pay 20%, and you end up in the hospital, generating a bill for \$100,000, you are, very suddenly, handed a bill (to be paid immediately) for \$20,000. Do you think the insurance company is going to pay \$80,000? No, they are not, for they have a "deal" with the medical monopoly, and they generally pay, by my calculations, only about twenty two cents on the dollar - so their part of the hospital bill is going to be 22% of \$80,000 or \$17,600. Hardly 80%. YOU will write bigger checks than the insurance company will...

Only God can help you if you have a 50-50 insurance plan.

Worse yet, is that the average cost to a US employer for this health insurance is \$14,7000 per year, and employers in the US with over two hundred full-time employees are REQUIRED to provide coverage. Out of that \$14,700 premium, by my calculations, only about 9% goes to pay health claims. The rest is divided up long before - 40% commission to the health insurance broker that sold the policy to the company, 35% goes to overhead (insurance companies own marble buildings), 10% goes to the stockholders as a dividend, and 6% goes to miscellaneous, including the costs of lobbying Congress. That leaves only 9% to pay claims.

And if that isn't enough - several sleazy health insurance companies are filing "fraud" charges against health professionals with licensing boards simply because they don't want to pay claims - and several of those boards are actually prosecuting doctors over those billing disputes.

(4) The bureaucracy that regulates health care in the US is shameful. There is no arguing for the system. It has turned against America, and is operating not to regulate the industry, but to protect it from competition and change. Period. There is nothing more to be said. Facts are facts. Change is necessary.

**Things are being done to fix these problems...**

I don't need to go into detail here about how each of these problems, described above, is being attacked. Read my other newsletters, and you'll get the idea. Today I'm going to tell you about how just one of those issues is being addressed in, and by, the State of California. The health insurance issue.

Why is it important to study what California is doing? Because California is the fifth largest stand-alone economy on Planet Earth. It is a vibrant State, with vibrant people. What happens here migrates to other States quickly.

**Sit down before you read this next section. You're going to be shocked...**

The California Legislature, both the Senate and the House, have passed Senate Bill 840, which in effect, will make it illegal to sell health insurance within the State of California. The bill is heading for the Governor's desk.

I have, below, copied a section from a website for a group called "Health Care For All," where you can go to get even more information about SB840. The section is self-explanatory.

A bill creating universal healthcare through a publicly financed administration in California, authored by Senator Sheila Kuehl, D-Santa Monica, was introduced to the Senate in February, 2005. A copy of the bill is now available from the legislature. [Download bill here](#). For ease of use, get our [Table of Contents](#) for the bill.

Available for download is a comprehensive [Fact Sheet](#) from Senator Kuehl's office. We offer a 10-page Word document about the [Features of SB 840](#). Also available is a shorter summary, [SB 840 Summary](#). See also a [Fact Sheet in Spanish](#).

Principal workers on this bill are consultant Judy Spelman and Senate staff member Sara Rogers.

You can download a [list of the co-authors for SB 840](#).

See a [list of endorsing organizations](#) that support SB 840. See a [recent statement by the League of Women Voters- California](#)



showing their position on this bill.

**The bill incorporates the following features:**

**Security** - Everyone is covered. No one will ever lose coverage for any reason.

**Choice** - Everyone can choose their doctors and other providers. Under this single payer plan, health care delivery is in the private sector.

**Comprehensive Benefits** - Everyone has full benefits that include prescription drug coverage and mental health care.

**High Quality** - Doctors and patients, not administrators, make medical decisions. Hospitals can afford safe staffing levels for registered nurses. Primary and preventive care are priorities.

**Efficient Administration** - Huge savings result from removing insurance companies from health care. Provider and patient paper work is slashed.

**Fair Cost sharing** - Employers and employees pay a modest health care premium, which is less than most pay now.

**Fair Reimbursement** - Providers receive fair and full compensation for their services.

**Cost Controls** - Health care inflation is controlled by efficient administration, global health care budgets, bulk purchases of drugs and durable medical equipment, coordination of capital expenditures, and linkage to growth of the State Gross Domestic Product.

I am an Orange County California Conservative Republican. SB840 is sponsored by Liberal Democrats and I wholly support it. Absolutely. It can't happen soon enough. I applaud the bill's sponsor, Senator Sheila Kuehl and her staff for their efforts.

Stay tuned...

Tim Bolen - Consumer Advocate