

Ad Missions

How Insurance Companies Sell Ideology

Deborah A. Stone

In a series of television ads sponsored by the Health Insurance Association of America (HIAA), Harry and Louise sit at the kitchen table discussing health reform. The ads are unremarkable, yet they have drawn the wrath of President and Mrs. Clinton. "It's time we stood up and said we're tired of insurance companies running our health care system," Hillary Clinton declared. Ira Magaziner termed the ads "unconscionable." Even some of the association's own insurance-company members took offense. New York Life called for a moratorium on the ads, and in the scuffle, Prudential became the fifth major insurer to pull out of HIAA.

While everyone debates whether the ads really do distort the Clinton plan or whether they are good or bad for insurers, the real issue has escaped notice. Insurers' advertising campaigns are aimed at something far deeper than a presidential proposal. They are meant to shape Americans' understanding of the very idea of insurance and to influence our cultural commitments to private enterprise versus public responsibility. Here is where insurance advertising will have its real impact on the kind of health insurance the country will have.

For years, commercial insurers have been promoting insurance in a way that makes people think of it as personal savings rather than mutual aid. In the 1970s and 1980s, this campaign of persuasion intensified, as women, gays, and the disabled challenged insurer practices of defining them as "uninsurable" or high risk. To counter growing public sympathy with

these groups, HIAA, together with its life insurance counterpart, the American Council of Life Insurance (ACLI), ran a series of ads whose lesson was that fairness means each person should pay for himself.

One such ad (reproduced in "AIDS and the Moral Economy of Insurance," *TAP*, Spring 1990) shows a construction worker on a scaffolding and asks, "If you don't take risks, why should you pay for someone else's?" Another shows a man and woman playing basketball, and asks, "Why should men and women pay different rates for their health insurance?" The choral refrain at the bottom of these ads is always the same: "The lower your risks, the lower your premium." The series explains that people with healthy jobs shouldn't have to subsidize those with risky jobs and that men, who make fewer doctor visits in their middle years, shouldn't help pay for the medical care of women. A Northwestern National Life ad, pushing its managed-care plans, appeals to employers' fears that "even if your employees are healthy, insuring their dependents can be scary."

One can never be too careful about those other people who might be living dangerously, just plain sick, or in some way walking insurance claims. All of these ads teach the public that we are not responsible for each other. They subtly draw distinctions between "us" and "others," between people who deserve our sympathy and people who don't. People in different jobs, people of the opposite sex, dependents as opposed to employees—are all painted as different and dangerous. "They" are costly to "us." Why should "we" have to pay more

to take care of "them?" Isn't it fair if each person just pays for his or her own risk?

For many things, it is fair that we each pay our own way. People contribute to insurance plans, though, precisely because they fear they won't be able to meet the expenses of a big loss, even through personal savings. The very purpose of insurance is to create economic security by pooling large numbers of people together, spreading the risks of major losses to few people among the many. Insurance always entails some subsidy, in effect, from the people who don't incur losses to those who do. When insurers stratify their policyholders into very finely calibrated small groups with nearly homogeneous risks, they eliminate most of the risk-spreading and undercut the capacity of insurance to provide security.

Some people argue that pricing health insurance according to individual risk factors encourages people to act responsibly about their health, but there are other ways to provide such incentives without destroying insurance. Insurance should be about community solidarity and mutual obligation. Instead, insurers promote an ethic of self-sufficiency and deafness to the plight of others, even others who build our buildings, raise our children, and otherwise contribute to the commonweal. This politics of selfishness, more than anything else, undermines the possibility of health insurance reform.

The alternative, a politics of mutual responsibility, is suggested in a 1991 ad for Social Security. "Can you guess who's eligible for Social Security?" reads the caption under a photo of seven people, not a gray hair among them. The seven include an infant, a child, a teenager, and several adults; people of obviously different ethnicities and races; and males and females. The answer: "everyone." Alas, the Social Security ad is black-and-white and only half-page, not nearly so slick and eye-catching as the sometimes multi-colored, double-page spreads of the big insurers or HIAA. Can you guess who's winning the battle for the public mind?

Competing to the Death

The world of health insurance isn't what it used to be. Until about 1960, health insurance was largely dominated by Blue Cross-Blue Shield, the nonprofit plans that began health insurance in the 1930s. On one flank, they lost to large employers, to whom a 1974 law (ERISA) gave tremendous financial incentive to self-insure. On another flank, they lost to commercial insurers, who made most of their inroads by offering cheaper rates to relatively healthy employee groups and pulling them out of the large community-rated pools insured by Blues plans. Competition between the nonprofit Blues and the commercial companies killed community rating and destabilized the health insurance market. Millions of people are left totally uninsured, temporarily uninsured as they (or their breadwinner) move between jobs, or partially uninsured because their policies don't cover serious illnesses they already have.

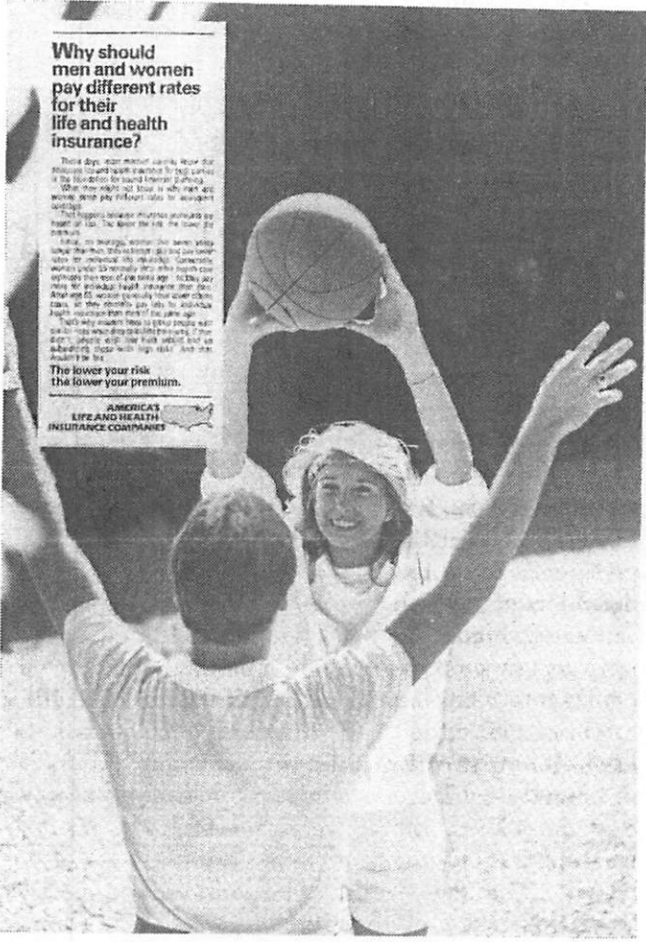
For much of the postwar period, commercial insurers stuck together and sought their political fortunes via a unified trade and lobbying association, HIAA, while the Blues plans were represented by the National Blue Cross-Blue Shield Association. Beginning around 1990, fissures within the commercial sector became apparent, driven by increasing market segmentation. Ironically, it was probably the specter of health insurance reform that drove wedges into the industry ranks. Small and large insurers would be affected quite differently by various reform proposals, and larger companies were in a much better position to cede some of their traditional insurance functions and become managed-care providers instead.

Some companies began to see that the industry's notion of fairness was not widely shared. What risk-rating meant to the general public was that sick people and people with sick kids couldn't get insurance, or couldn't change jobs, or might "prevent" their fellow workers from getting affordable insurance. Political pressure

to constrain risk selection and cream-skimming was intense—even President Bush's otherwise very incremental proposal called for limits on pre-existing condition exclusions and on risk-based pricing. In November 1991, Prudential distanced itself from the industry's bear-your-own risk campaign with full-page ads in the *New York Times*, the *Wall Street Journal*, and other places. The new ad showed a chest X-ray, captioned, "Because he works for a small company, the prognosis for his fellow workers isn't good either." The ad went on to decry the industry practice of not insuring small companies with one or a few very sick workers.

Within HIAA, there was vigorous discussion of insurance reform, as commercial insurers were increasingly held to blame for lack of access to insurance. Since many of the approximately 300 member companies survived by cream-skimming and using low first-year bids to woo companies away from their current insurers, the organization could not muster a consensus on ending these practices. The bigger companies, meanwhile, were changing their market strategy. Instead of fine-tuned risk evaluation and pricing for small businesses, they sought to attract larger employers by offering managed-care plans that promised to contain health insurance costs. They were happy to give up risk-rating in order to gain public goodwill, but the smaller companies felt they were being thrown to the wolves.

In mid-1992, one of the largest health insurers, CIGNA, withdrew from the HIAA. On the day after Clinton's election, Aetna and Metropolitan Life announced they would pull out by the end of the year,



Why should men and women pay different rates for their life and health insurance?

There's a new market reality. Since the mid-1980s, health insurers have been paying men and women different rates for life and health insurance. Why? Because men live longer than women. But that's not the whole story. Men are more likely to have heart disease, cancer, and other serious illnesses. And men are more likely to smoke and drink. So, men are more likely to die younger than women. That's why men pay more for life and health insurance than women. But that's not fair. Men and women should pay the same rates for life and health insurance. Because they're both human beings. And they both deserve the same protection. The lower your risk, the lower your premium.

AMERICA'S LIFE AND HEALTH INSURANCE COMPANIES

and on December 31, Travelers left too. Prudential's recent announcement of its withdrawal completes the exodus of the so-called Big Five insurers from HIAA, an exodus that has cost the organization millions in dues and fees. The Big Five—CIGNA, Aetna, Prudential, Travelers, and Metropolitan Life—started their own lobbying organization, perhaps not coincidentally called the Alliance for Managed Competition.

Don't Call Me 'Insurer'

Anticipating an escalating shift to one form of managed competition or another, the Big Five have transformed themselves into managed-care providers in a big way. Aetna alone covers some 5 million people in managed-care plans, almost as many as the

6.5 million insured by Kaiser Permanente, the nation's largest and oldest health maintenance organization. Met Life covers 2.9 million, CIGNA 2.6 million, and Travelers 1.9 million in managed-care plans. Having positioned themselves to be managed-care providers under any managed-competition reform, they are now strong advocates of managed competition.

While Harry and Louise mull over the president's plan, and defenders of the plan castigate the ads, the large insurance companies are advertising to win over Harry and Louise's hearts. Within the industry, there is much talk of the need to sell to the "retail customer"—that's you and me—instead of to the employer, because patients are the ones who are going to be choosing among health plans. In publications directed at general audiences, such as *Time*, *Newsweek*, and *U.S. News and World Report*, large insurers' ads rarely trumpet cost saving or financial stability of the company anymore. Instead, they plump the insurer as caregiver, as medical innovator, as savior.

In October CIGNA changed its logo from a lifeless rectangle to a stylized tree, and in place of the motto, "We get paid for results," the company now dubs itself "a business of caring." Following a month of ads about the change of logo and the move toward caring, the November 1993 ads in

various newsweeklies featured a photo of an infant and two pages of text about the company's dedication to caring for individuals.

An Aetna full-color, double-page spread pictures a child's drawing. The text begins: "When Lisa was born, her kidneys didn't work. So we helped Lisa's mother learn to care for her. It saved \$200,000 in hospital costs. And let Lisa grow up at home." Another in the Aetna series pictures a wolf, a witch, a pair of beady eyes, and something labeled "the measles."

The text begins: "Not all monsters are make-believe. Measles is a very real threat to your child. . . . That's why we're giving millions of dollars . . . to educate and encourage parents to vaccinate their kids." One might think Aetna was a medical research center. Indeed, James McLane, chief executive of Aetna Health Plans,

recently told the *Boston Globe*, "We're not an insurance company; we're a managed-health care company."

Prudential is on the same bandwagon. One of its ads shows an anatomical drawing of a heart along with a valentine-like heart, under the headline: "If you ever need one, there's an insurance company that has one." A smaller headline claims credit for "a life insurance innovation that has made eleven life-saving heart transplants possible." Another Prudential ad in this vein shows a test tube and a pen: "It wasn't a



Can you guess who's eligible for Social Security?

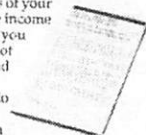
They all are. Because Social Security isn't just for retirement. It's for people of all ages.

If your life is somehow cut short, it will pay survivors' benefits to your family, even if you're years from retirement.

If a serious illness or injury prevents you from working, it can provide disability payments.

Now you can find out what your benefits might be with a free Personal Earnings and Benefit Estimate Statement from Social Security. Using our records of your Social Security earnings and the future income information you provide us, we'll give you an estimate of what you can expect—not only for retirement, but in disability and survivors' benefits as well.

Write to Dept. 74, Pueblo, Colorado 81009, and we'll send you a simple form you can complete to get your own Personal Earnings and Benefit Estimate Statement.



Social Security Ad Council
It's not just for retirement. It's for life.

breakthrough in medical science that saved his life. It was one in life insurance." Like Aetna, Prudential is asserting its identity as a medical provider rather than an insurer. "We've increasingly moved from being a traditional health insurer to being a manager of care, which means we're in a different business than most of HIAA's members," a spokesman told the *Boston Globe* by way of explaining the company's withdrawal from HIAA.

Thus the very companies that strongly positioned themselves to gain from national health reform by growing large managed-care operations are now conducting a massive public relations campaign to get people to accept the idea of medicine and insurance rolled into one package. Until now, Americans have prized a system where the doctor was your advocate and thought only of your health, not somebody else's pocketbook. That system got us into trouble, and of course, doctors were thinking about pocketbooks all along, not least their own and their hospital's.

Still, for two centuries we have believed it's a good idea to insulate medical decision-making from financial concerns. It doesn't matter whether the incentives are to do unnecessary or harmful things to patients or to withhold necessary and beneficial care. There's something precious and right about striving to keep medical decisions untainted by money. If medicine really offers valid ways to relieve illness and suffering, people should receive precisely the care that is medically appropriate for them. Now we are plunging into a system that institutionalizes the blurring of medical and fiscal boundaries by merging the payer and the provider into one entity. One hopes it's not so easy to change our gut instincts, but this is exactly what one stream of insurance advertising is designed to do.

Choosers and Losers

Small insurers can't hope to play the managed-care game in the tough world of managed competition envisioned by the Clinton plan. No surprise, then, that their

strategy has been to discredit the plan. Enter Harry and Louise. In the ad that most rankled the Clintons, an announcer intones, "The government is going to force us to pick from health care plans designed by government bureaucrats," to which Louise laments, "Having choices we don't like is no choice at all." This is the ad that provoked Hillary's angry outburst at a meeting of pediatricians. "One of the great lies currently afoot in the country," she insisted, "is that the president's plan will limit choice."

Whether the president's plan will limit choice, as Harry and Louise fear, is a matter of perspective: Whose choice, and compared to what? Universal coverage, if it ever does get phased in, would open up choices to people who never had any for lack of health insurance in the first place. The restraints on risk-rating as well as the subsidies for small businesses and the poor would surely increase options for people whose health insurance is now non-existent, tenuous, or partial. The Clinton plan undeniably widens choice compared with the status quo in the sense that many people will gain insurance, and all will have some choice of plans, limited, of course, by what they can afford.

Still, the very essence of the Clinton plan is to rein in health care costs by constraining patients' ability to choose their doctors, their specialists, and their therapies—the things that matter once people have insurance. Managed care abrogates many of these choices and gives them instead to managers. In turn, managers choose providers and therapies on the basis of economic criteria and studies of efficacy. True, the world of medical insurance is taking the express train to managed care even without Clinton's reforms, but it's disingenuous to pretend the plan won't accelerate the trend to managed care, or that managed care doesn't limit patients' choices compared with fee-for-service medicine.

Thus the HIAA ran the ads and the Clinton team got so exercised because both know the ads are potentially so effective at

scaring the middle class. For any reform to happen, the middle class—people like Harry and Louise who have some form of health insurance—need to be convinced to pay more to help those who don't have insurance. And for a managed-competition reform to win, Harry and Louise need to be persuaded to give up a lot of freedom to choose their doctors, and a lot of their doctors' freedom to choose their treatments. The Clinton reform will be lost if the middle class can be whipped up over choice.

Meaningful choice would be far greater under a single-payer system in which all doctors and all hospitals would be universally accessible. Single-payer plans, and the plans of most other developed countries, limit their health spending by setting national or regional spending targets, by limiting investment in expensive technology, and by negotiating fee and expenditure limits with physicians and hospitals.

In the end, patients in those systems have their choices limited, too, but they don't see or feel the limitations so directly. They can visit doctors of their choice, they don't have to get every referral and procedure authorized by an insurer—or worse, their own doctor who is now a "gatekeeper" for an insurance company—and they hear only about the choices their doctors think are available within the overall budget constraints. Ironically, the greatest foe of a single-payer system—the insurance industry—is invoking in its ads the kind of free choice that would be truly available only if the industry went out of business.

The Big Five companies know that choice is the hot-button for the public. An ad by their Alliance for Managed Competition lists ten reasons why "Americans will have more choice of health care providers" under managed competition. Among the reasons: people will be able to change doctors within plans, to switch plans, choose from a menu of plans, and to seek providers outside their plans.

In fact, most managed-care plans limit patients to a very small cluster of doctors within the plan's larger roster. Frequently, a patient's menu of specialists is limited to those in the same cluster as his or her primary care physician, and the menu can be tiny, with only one or two specialists in any field. Those plans that do allow use of doctors and hospitals outside the plan charge a lot more for the privilege and may require the patient to get the out-of-plan care authorized by an in-plan doctor. And of course, patients can switch plans only if they can afford to, and usually may switch only during the one month of the year that is defined as an "open enrollment" period.

While these companies are telling the general public that managed competition means choice of doctors, they promote their image as tough cops and good cost-controllers to employers and insurance salesmen. In business-oriented publications such as *Business Week*, *National Review*, *American Enterprise*, and *National Underwriter* (an insurance trade weekly), their ads feature their prowess in keeping down the employer's benefit costs through HMOs, preferred provider networks, utilization review, and managed care—all devices that do limit patients' choices about doctors, hospitals, tests, and treatments. According to an article in *National Underwriter*, "gatekeeper-model, network-based managed care" is the wave the future. HMOs that allow members to see non-plan doctors use these "opt-out" provisions only to gain enrollments now and plan to close this option after a few years. Insurers do seem to be willing to play the freedom-of-choice message in whatever key their audience wants to hear.

Choice may be the political symbol everybody is claiming for themselves in this debate, but there is yet another subtext of ads by both the small and big insurers: private enterprise is better than government. The Harry-and-Louise ads sneer at government bureaucrats, coercion ("the government may force us to

pick"), and incompetence ("the government sets a ceiling on spending and says, 'that's it'"). One of Prudential's ads pictures an X-ray of the American flag, labeled "Patient: The United States" and captioned "What this country needs is health care that's been given a thorough examination." The ad thus turns a private corporation into the country's doctor, as Prudential sets forth guidelines for sensible reform. A joint ad of the Association of Health Insurance Agents and the National Association of Life Underwriters (both groups of salespeople who would be made obsolete by health alliances) portrays a prescription form for a patient named the United States of America. The doctor (Uncle Sam, M.D.) has prescribed, "Take away competition, take away choice, take away personal service, add 1-800 hotline." Government, it seems, can only mangle the marvelous market.

Even when not explicit, the private-enterprise-can-do theme is there in most commercial insurance ads, simply because the companies and organizations are all touting their own strengths. How often do we see advertisements for Medicare or the Veterans Administration health system?

If we are to have any kind of health insurance reform, and certainly if we are to move toward universal coverage, we need a public ethic of solidarity. Citizens must believe that relieving illness is a community responsibility, rather than an individual misfortune, or worse, that it's just another

taste for goods, to be satisfied with private purchases. We also need public confidence in institutions of governance. Pure market competition is the way to the present morass. Only public institutions—legislatures, agencies, and courts—can restrain for-profit insurers from competing in ways that undermine their ability to provide health insurance for all. On the surface, insurance ads pitch companies, their products, and their preferred political programs. We are the dupes, though, if we hear only their jingles and miss the deeper cultural messages debasing solidarity and public enterprise.♦

UNCLE SAM, M.D.

PATIENT United States of America
 ADDRESS Anytown USA DATE 1993
 R *Take away competition*
Take away choice
Take away personal service
Add 1-800 hotline
☐ LABEL
 REFILL 0 TIMES
 DO NOT SUBSTITUTE
Uncle Sam, M.D.

MANGLED COMPETITION IS BAD MEDICINE FOR AMERICA

Imagine if doctors were given the choice of only a few medicines to prescribe for hundreds of different ailments.

That's what some versions of managed competition would do for our health care system. They would force Americans to obtain health care through only a handful of providers within an exclusive health alliance. This "mangled" competition would diminish freedom of choice and, worse, destroy the quality of care. That's why trying to micro-manage competition is bad medicine for America.

Our members work with millions of individuals and small business clients every day. These clients tell us they want a health care system that gives them choice, provides quality care and responds to their individual needs.

The right prescription is real market competition, where all insurers and health alliances would participate on a level playing field. Consumers would have a choice and would not have to rely on 1-800 telephone lines for assistance.

America needs reform now, and agents support guaranteed coverage for every citizen where nobody could be turned down or cancelled for medical reasons. We also support portable coverage and government assistance for those who can't afford their own coverage.

To find out more about our prescription for health care reform, contact David Hebert at the Association of Health Insurance Agents, an affiliate of the National Association of Life Underwriters.



Association of Health Insurance Agents
 National Association of Life Underwriters
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