

Misplaced blame placed on insurers

ROBERT KUTTNER'S June 4 op-ed "Facing down the private insurance industry" makes broad claims about the amount of money that health plans spend on administration that are simply not supported by local facts. In particular, his assertion that "private insurance companies waste about 25 cents on the dollar on claims, profits, administration, and marketing" is significantly off the mark.

Like virtually all health plans in Massachusetts, Network Health is a private not-for-profit health plan. Our organization uses 93 cents of every dollar on direct care for our low- to moderate-income members, with the remaining seven cents directed to administration. Network Health's ability to maintain low overhead allows the organization to fulfill its mission of providing increased access to high-quality healthcare for Massachusetts residents who otherwise cannot afford it.

According to the Department of Health Care Finance and Policy, last year no local health plan spent more than 11 cents on the dollar for administration and surplus margin generation.

While the cost to run Network Health has decreased somewhat during the past four years as a percent of premium revenue, the cost of care is escalating at an unsustainable rate.

Medical costs are the primary factor driving our healthcare cost crisis. Rather than misplaced blame on health plans, Massachusetts residents deserve fresh ideas that seek to rein in the costs of care while improving the quality of care for everyone.

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