

Demand health insurers give up 'windfall profits'

By William Hines

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WASHINGTON — A coalition favoring a tax-supported national health care system called on the Nixon administration Friday to roll back health insurance premiums during Phase IV to allow policyholders to recoup what were called "windfall profits" reaped by insurance companies during Phases II and III.

Leonard Woodcock, president of the United Auto Workers and chairman of the Committee for National Health Insurance, said the public had been "fleeced of hundreds of millions of dollars" after private insurance companies were allowed to raise their rates in 1971.

The rate increases were disproportionately high, Woodcock argued, and took effect even though doctors and hospitals were cut back in the size of increases in the fees they could charge patients.

Woodcock added that the charge of reaping windfall profits did not apply to Blue Cross and other nonprofit insurance carriers because their premiums directly reflect increases in hospital and doctor bills.

The UAW president injected a Watergate note into his talk when he remarked that the Chicago-based Combined Insurance Co. run by President Nixon's friend and campaign bankroller, W. Clement Stone, made an extra \$7 million in profits after taxes in 1972.

"I'm not making any direct accusations," Woodcock said, "but I do note that Combined Insurance is one — just one — of Clem Stone's operations. This increase of \$7 million after taxes more than justified his \$2 million largesse to (the Nixon campaign). I have to draw the conclusion that the coincidence is quite compelling."

(Stone revealed to The Sun-Times Thursday that his total contributions to the Nixon campaign since 1968 were not \$2 million as previously reported but about \$7 million.)

Stone's Combined company is one of the smaller companies in the health insurance field and primarily writes individual rather than group policies. Larger companies, which have the lion's share of the privately written group business, did even better than Combined, Woodcock said.

He produced figures for the "Big Six" of

health insurance — Aetna, Connecticut General, Equitable Life of New York, Metropolitan, Prudential and Travelers — showing a 350 per cent increase in before-tax profits in 1972 compared with 1971.

The Health Insurance Institute, which represents most of the private companies as their official spokesman, issued a statement rebutting Woodcock's charges of "windfall profits."

"The group health insurance business has experienced a profit of 1.53 per cent of premiums during 1972 based on analysis of the annual statements of 20 insurance companies that were responsible for 75 per cent of the group health insurance business in 1972," the statement said.

"This is in contrast to the experience of the preceding three years when the companies experienced significant losses in group health insurance."

Woodcock said that the group health insurance profits are "only the tip of the iceberg" because group life insurance is "usually packaged with group health" and group life profits after taxes increased from \$54.3 million in 1971 to \$91.6 million in 1972.

Woodcock and other representatives of the national health insurance coalition called for passage of a bill sponsored in the Senate by Sen. Edward M. Kennedy (D-Mass.) and in the House by Rep. Martha W. Griffiths (D-Mich.) that would finance health care through a Social Security type of mechanism and would effectively dismantle the private health insurance industry.

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