



Mission •
To prevent and cure diabetes
and to improve the lives of all
people affected by diabetes.

Cure • Care • CommitmentSM

Statement of

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**To the United States House of Representatives Committee on Energy and Commerce
Subcommittee on Health**

Hearing on H.R. 2355, the “Health Care Choice Act”

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Mr. Chairman and members of the Committee, on behalf of the 18.2 million Americans living with diabetes and the more than 40 million living with pre-diabetes, I would like to thank you for the opportunity to appear before you today on this very important issue. My name is Hunter Limbaugh and I am chairman of the American Diabetes Association's National Advocacy Committee and the father of an amazing little girl who has lived with diabetes for 4 years.

Like Members of this Committee, the Association is committed to expanding and improving health insurance coverage. The Association maintains that people with diabetes should have access to affordable and adequate health insurance, such as coverage for blood glucose monitoring and related supplies, insulin and delivery mechanisms such as syringes and/or pumps, prescribed oral medications for controlling blood sugar, diabetes education at regular intervals, and podiatric services and supplies. We have secured state laws that provide this coverage in 46 states and the District of Columbia. Our understanding of H.R. 2355, the "Health Care Choice Act," is that it would allow health insurers to pick any state from which to operate from and then sell health plans across state lines, potentially by-passing the state laws. While we recognize that one goal of this bill is to provide greater choice to those seeking health insurance, upon reviewing the legislation, we are deeply concerned about the negative impact it would have on people with diabetes.

As the nation's leading nonprofit health organization providing diabetes research, information and advocacy, the Association has a significant interest in reducing the number of uninsured and underinsured in the United States. As you probably are aware, diabetes is a serious, life-threatening, chronic illness for which there is no cure. *Approximately 42,000 people suffering from diabetes live in each congressional district and that number is growing by an estimated 8% per year.* In fact, current estimates by the Centers for Disease Control and Prevention reflect that one of every three children born in the U.S. after 2000 will develop diabetes in their lifetime. For minorities, that number increase to one in every two children. While we do not have a cure for the disease, the disease can be successfully managed with access to the necessary tools.

For people with diabetes, it is simply not true that having any health insurance is better than having no health insurance. Having access to adequate health insurance coverage is as

important as finding affordable coverage. The Association is committed to expanding the number of people with diabetes who have insurance coverage and to ensuring that such coverage meets their health needs. A critically important component of this effort has been state requirements that insurers provide adequate coverage for diabetes supplies, medication, equipment and education. Over the past 10 years in 46 states, state legislators of both parties have championed these benefits to ensure that people with diabetes in their states would have access to these critical supplies. Similarly, governors of both parties have signed these benefits into law, including our current President when he was the governor of Texas.

My home state of South Carolina passed their diabetes coverage law back in 1999. From the first day of my daughter's diagnosis, throughout the whirlwind of the initial medical crisis - the consultations with physicians, nutritionists, and certified diabetes educators; learning how to detect when her blood sugar was low; learning how to inject her insulin, prick her fingers ... and, prick her fingers after they callous from being pricked – I never had to question whether my daughter's lifelong disease would also send my family into financial turmoil. The state government in South Carolina had made sure that it was not an issue. Chairman Deal, your constituents are protected under the Georgia diabetes insurance requirement, which was signed into law in 2002 by Governor Barnes. Congressman Shadegg, Arizona's diabetes law passed in 1998 under Governor Jane Hull.

I cannot overemphasize the importance of appropriate coverage for diabetes. This goes beyond the 18.2 million Americans with diabetes, the 40 million more with pre-diabetes. Diabetes is the fastest growing disease in America, with over 1.5 million additional individuals expected to develop diabetes this year. Every year, the question of adequate coverage for diabetes will affect more and more Americans. Adequate coverage necessitates certain up-front preventive costs – expenses for medications, supplies, and proper education. We must also take into account long-term costs of uncontrolled diabetes. Diabetes currently costs this country \$132 billion per year. However, consider the implications of the growing number of people who are diagnosed with the disease and the growing number who may not receive the care that will prevent complications such as lower limb amputations, blindness, and kidney failure if this bill were to become law. Under this scenario, the costs to this nation could easily double. The bottom line is that it is in

this country's best interest to ensure that people with diabetes are receiving the preventive care they need. Failing to do so will have disastrous economic effects.

Why is diabetes management so important? Scientific studies have proven time and time again that inadequate control increases the risk of diabetes complications by more than 50%. If insurers provide only limited health coverage that excludes preventive coverage for diabetes, we absolutely guarantee that this nation will see even more exorbitant diabetes-related expenses in the future. As more Americans develop diabetes and fewer have adequate insurance, the current national cost of \$132 billion per year will be dwarfed with every passing year. If we allow the cost of diabetes to escalate at the same rate as the disease itself, 8% annually, we will be subtracting at least another \$10 billion from the national economy every year –and this does not account for the ever-increasing cost of health care. Recently, the Association's Latino Diabetes Action Council toured the South Texas border region. Starr County, a county that is comprised literally of 100% Latinos, is a perfect example of what we are talking about: with 30% of the population living with diabetes, compared to the national average for Latinos of 11.3%, it suffers also from the highest rate of lower limb amputations. This is clearly a population that would not benefit from a pared-down insurance plan with no or limited coverage for diabetes care and supplies. Again, I reiterate that we cannot fall into the trap of taking a short-term economic view of this disease. The bottom line is that it is in this country's best interest to expand the number of people with diabetes who are receiving the care they need to prevent complications. Reducing coverage will have disastrous economic effects.

Although the economic cost is an important argument, we should not ignore the impact of diabetic complications on the quality of life of every individual with the disease. Do we want to create a future which guarantees blindness, amputation, heart disease, stroke and kidney failure for people with diabetes? If the federal government facilitates the reduction of diabetes benefits, we will be committing a tragedy of epic proportions. Through research paid by tax dollars and grants from the Association and other entities, we have learned a great deal about how to treat and manage this disease. However, this knowledge will be wasted if individuals will be unable to afford the tools they need, and insurers will refuse to pay for those tools. Abetted by the federal government, insurers will take only a short-term view, thus assuring debilitating consequences for people with diabetes.

We need a health care and health insurance system that helps diabetes patients to manage their care; we cannot afford –either in economic or moral terms– to implement a system which makes it more difficult. H.R. 2355, unfortunately, would do the latter instead of the former. By allowing all insurers to be domiciled in states without state diabetes requirements, minimum-coverage plans would become the norm across the country: thus will begin the deadly domino effect that will harm all people with diabetes who currently have proper insurance coverage for their needs.

One of the biggest tragedies of this bill –and the actions of insurers– is that it is based on misconceptions. Some have expressed a view that diabetes requirements are costly for insurers and the health care system. However, numerous states have studied the cost of diabetes benefit laws and have found that the impact on overall health costs is insignificant. Louisiana, for example, found that their state diabetes requirement accounted for a mere .006% of monthly premiums.¹ In Utah, after a similar analysis,² legislators chose to strengthen their state law after finding that the added cost of the diabetes requirement was non-existent. I urge you to not pass a bill that is so clearly based on misperception.

Just as important as overall statistics and abstraction, however, is the real-life impact that inadequate insurance has on people with diabetes. In conjunction with Georgetown University, the Association recently compiled a study to address this topic entitled “*Falling Through the Cracks: Stories of How Health Insurance Can Fail People With Diabetes*,” which shows what happens to people with diabetes when they do not have access to adequate *and* affordable insurance coverage.

During this research, we came across many Americans who had exhausted all of their health insurance options and had nowhere left to turn. For example, we spoke to Joanne, a woman from Ohio, one of the four states without diabetes insurance requirements. Joanne’s case demonstrates the need for protecting the existing state laws and allowing other states to do the same: Joanne has health insurance, but it does not cover her diabetes supplies. Specifically, it

¹ *Louisiana Department of Insurance. A Study of the Costs Associated with Healthcare Benefits Mandated in Louisiana. February 28, 2003.*

² *Utah Insurance Department, 2003 Diabetes Mandate Report, October 28, 2003.*

does not cover her test strips, which cost \$160 per month. For people with diabetes, avoidance of serious complications, like those mentioned previously, depends on constant monitoring of their blood sugar levels. It is therefore essential that people with diabetes have access to a sufficient quantity of test strips. In addition to the cost of her test strips, Joanne pays about \$200 per month for her out of pocket portion for her diabetes medications. She does not qualify for pharmaceutical assistance programs since she is insured. Many months, Joanne has been forced to choose between taking care of her health by purchasing test strips, or having heat in the house during the winter. If, under H.R. 2355, insurers choose to be domiciled in a state that does not require policies to include diabetes supplies and education, we could have tens of thousands of Joannes in all 50 states, instead of just four.

Each of the examples highlighted in our report underscores the need for diabetes patients to have health insurance coverage that meets three key components: availability, affordability and adequacy. For people with diabetes, having inadequate health insurance – even if considered “affordable” – may, in fact, be worse than having no insurance because they are then required to pay health insurance premiums in addition to non-reimbursed out-of-pocket costs for their life-sustaining diabetes supplies and medications. As such, poor-quality insurance actually steals critical resources from families affected by diabetes while providing nothing in return except catastrophic protection. Many patients in this type of situation are forced to ration their test strips – leading to glucose testing several times per month instead of several times per day. Less knowledge about their glucose levels leads to poor control, which in turn guarantees a diabetes-related hospitalization. In an ironic and destructive turn of events, inadequate health insurance in year 1 provides no coverage for preventive medicine, which then guarantees a much higher-cost catastrophic hospitalization in year 5.

This never ending cycle also forces many people with diabetes and other chronic disease into bankruptcy. In fact, the *New York University Law Review* found that medical bills are the single leading factor contributing to personal bankruptcy in the U.S.³ Moreover, two-thirds of these bankruptcies occurred in people who *had health insurance coverage*.

³ *Jacoby, M. B., Sullivan, T. A. and Warren, E., Rethinking the Debates over Health Care Financing: Evidence from the Bankruptcy Courts. New York University Law Review, Volume 76, Number 2, May 2001: 375 – 415*

We are facing a diabetes crisis in this country and simply cannot facilitate the creation of poor health insurance options for people with diabetes. Cutting them off from necessary medical tools will only increase the number of debilitating and expensive complications, leading to even higher societal costs. The Association shares your concern in increasing access to health insurance coverage, but we strongly believe that a bill that negatively impacts the health of people with diabetes is not the answer.

In conclusion, please be aware that the Association is also working on positive solutions to our health care crisis. As stated above, significant evidence shows that proper diabetes care in the short-term dramatically reduces complications and costs in the long-term. Therefore, the Association's guiding principle for health care reform is that it must be focused on transforming our system from a model of crisis care to a model of preventive care. While the Association cannot support H.R. 2355, we stand ready to work with you to address the problems individuals, including those with chronic illnesses such as diabetes, face in accessing affordable and adequate health care coverage.

Thank you. I am happy to answer any questions you may have.