

# TENTMAKERS

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## HEALTH INSURANCE

by Gary North

especially its own members. The costs of health care have risen to such an extent over the past twenty years that a major illness can reduce a person to poverty, especially a breadwinner. The church is obligated to step in and bring aid to those who have been struck down by a catastrophic illness or injury.

Until the medical bills start rolling in—hospital rooms in major cities now cost \$200 or more per day—a family may not understand the magnitude of the financial burden. Specialized tests or emergency care can cost \$1,000 a day, in addition to the room. The threat of major medical expenses hangs over every uninsured family, yet few of them are aware of the horrendous risks involved.

Most employees are covered by medical insurance. A peculiarity of the tax code allows the incorporated employer to deduct medical insurance premiums as a business expense, yet the money is not counted as part of the workers' taxable income. This has encouraged the spread of health insurance coverage in corporate America. But the self-employed person is not given any significant tax break.

There is another problem. Insurance companies necessarily deal with insurable risks. There has to be a class of insured people, which means a group that has statistically measurable features. So companies prefer to write group insurance policies. By insuring groups, the companies thereby gain the necessary criterion: a class to which the "law of large numbers" (actuarial science) applies. Second, selling to one firm reduces the administrative costs. Insurance companies really are not interested in "off the street" individual policy holders.

This is understandable. If every person could come in and get a policy, there would be a tendency for sick people—high-risk people—to sign up. What the company is after is a class of policy holders that is statistically random as far as sickness or injury is concerned. This is also what other policy buyers want. They are not interested in paying higher premiums in order to insure high-risk people, when they themselves are not high-risk policy holders. The high-risk medical case is regarded in much the same way as the high-risk driver: the lower-risk people want to screen them out in advance.

### The Elderly

Obviously, older people are higher risks, as an age group, than younger people. (So are newborn infants.) The insurance companies have not been eager to sign up older people. The coming of tax-financed medical insurance programs has

allowed the private firms to back out of the field gracefully. Today, it is very hard to find cost-effective health insurance programs for the aged.

One of the few ways for an older person to gain coverage is to keep on working. If he or she is employed by a company that has a group insurance plan, the coverage applies. This is a very important reason to refrain from retiring. The insurance companies assume that if a person is still employed, he must be a reasonably healthy person, and therefore a legitimate risk. Deacons should point this out to anyone who is contemplating retirement. The potential retired person may be able to work for 20 hours a week and still maintain coverage. He should be encouraged to examine the company's health insurance policy and then try to match it elsewhere. If he is 65 or older, he will find it almost impossible to match this coverage.

If an older family is uninsured, the diaconate has a moral obligation to seek out group insurance coverage for these people. If this proves impossible to find, then deacons should approach both the older couple or individual and the children to raise money to go into a church insurance fund. The money should be able to be withdrawn by anyone who leaves the church for any reason (including excommunication), so that the church is not brought into lawsuits. However, the members who are in effect covered because of the church's moral obligation to come to their financial aid in a medical crisis should be asked to contribute money to the church's emergency medical fund during their years of health and productivity. (Consult a lawyer before putting any of this in writing; it probably should not be put in writing, since the church's obligation is moral, not legal.)

Children should know their moral obligations in advance. They are buying protection for themselves when they contribute to their parents' medical coverage. Some children may not be willing to pay, even though they can afford it financially (by moving into a less expensive home, for example). Their parents should know about any negative decision today, and write new beneficiaries into their wills and life insurance policies. The parent who is unwilling to make such changes in his will is unquestionably placing blood lines higher than God's revelation. He is saying that inheritance is based on blood lines, not character. Specifically, the wills should be rewritten to leave the money to the church's emergency medical fund, or the deacon's family assistance fund, since the church, by becoming the agent of care in their old age, has thereby replaced the biological heirs as the true, covenantal child. It is obvious who is truly honoring

father and mother in this instance.

Some parents may object. They may be unwilling "to take charity from their children" by asking them to contribute to a medical insurance program. But they are charity cases, implicitly, if they have no coverage, few financial reserves, and are members of the church. The church's obligation to support them makes them charity cases automatically. Covenantal obligations, one member to another, cannot be escaped. There is no escape from charity, meaning economic dependence. The only question is: Who will provide it? Children? Friends? The church? The employer? A fraternal organization? Or the State? Every member or potential member must face up to this, even before joining the church.

#### Younger Families

Young, self-employed men are always tempted not to buy sufficient life and health insurance. Death and illness seem so far away, and immediate expenses seem so pressing. By failing to buy insurance, they are requiring others in the church to insure them and their heirs. They may not think of it in this way, but economically speaking, this is precisely what they are doing.

The covenantal relationship that members establish with each other necessarily involves covenantal responsibilities. Because the covenantal nature of the church bond is not taken seriously these days, church officers have neglected to instruct their congregations concerning the financial obligations—insurance obligations—created by church membership. The Amish understand these obligations, and they help other families when crises hit. They have attempted (unsuccessfully) to escape from the Social Security tax system because it has been peddled to voters as an insurance program. (Legally, it is not insurance; it is a tax.) They claim that they do not need insurance protection from agencies outside the covenant community, including privately sold insurance.

The church has an obligation to see to it that every member is insured. No exceptions, except in cases where private insurance firms refuse to insure the person in question. If a member is really too poor to buy life and health insurance for himself and his family, then the church must intervene and pay the premiums, after the deacons have carefully examined the family's income, assets, and expenditures to see if there is financial negligence on the part of the head of the household. To neglect this is to bring heavy risks on the other church members. The church is insuring its members anyway. The question is: Can other co-insurers be found to reduce the financial risk that the church presently bears? They can be found: insurance companies collect them together and offer them risk-sharing programs.

Every family should be warned before joining the church concerning the right of the deacons to place these obligations on all members. Anyone who resents this intrusion into his privacy is clearly not willing to make the covenantal commitments involved in church membership. The church must be able to protect itself institutionally from such members. This may not seem important in good times, but it could

become critical during a crisis.

If the church has economic obligations for the care of poor members, then its members must make financial sacrifices in advance, in order to reduce the risks of future financial disaster. To make the church morally obliged to support poor members, but to avoid building up capital in advance to meet these obligations, is to adopt the philosophy of the welfare State, the "pay as you go" (tax as we go) collectivism that is bankrupting every Western industrial nation. When times get tough, we will see the return of "rice Christians"—a term which was once applied to Chinese who joined the local church in order to get handouts. Welfarism can bankrupt any organization that adopts it. The church risks being undated during hard financial times if it offers "free lunches." Members should imitate the ants that lay up provisions in summer (Pr. 30:25). Insurance is one way of laying up provisions in advance.

#### Available Policies

There are none for churches as such that I have found. Companies want to insure 75% to 100% of those in any covered organization, to spread the risk. Churches always have many members who are covered at work. But what if someone loses his job? What if he then gets sick or injured? The church is stuck. Something must be done before he or a family member gets sick.

First strategy: the simplest and most expensive answer is Blue Cross and Blue Shield, especially Blue Shield, which covers hospital costs. Problem: this is a low-deductible policy, which means high premiums,

Second strategy: have someone in the church setup a sales business that uninsured, self-employed church members can join (perhaps an Amway-type business). Then apply for group coverage. Get a \$500 or \$1,000-deductible policy, with an 80% - 20% split (insured pays 20%) to, say, \$3,000, and 100% coverage above \$3,000. A family of six, parents age 35, should be able to get such a policy for about \$700 per year. I know of churches that have done this. The actual employment arrangement is not spelled out in detail. Local agents sell policies, quietly, on this basis. The insurance company could challenge—a claim, however, so no one should be 100% dependent on such coverage. But at least it is something.

Third, encourage everyone who is not covered to buy at least a \$10,000-deductible catastrophic coverage policy, which costs under \$200 a year. There are \$15,000 and \$25,000-deductible policies available for even less. The church at least limits its liability somewhat. One firm that sells such high-deductible policies is

American States Insurance Co.  
500 N. Meridian St.  
Indianapolis, IN 46204

I am open to suggestions. Please contact me if you have come up with an approach to health insurance for members that I have missed.