



July 6, 2009

Dearborn man upset over revoked policy

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When John Biggar applied last year for a health insurance policy, he checked a box saying he had a heart murmur, a long-standing problem.

Later in the year, the cause of the murmur was diagnosed as a heart valve problem called mitral valve prolapse and his doctor scheduled him for surgery

But four days before the October, 2008 operation, Biggar, 45, of Dearborn learned that American Community Mutual Insurance Co. of Livonia had revoked his policy.

Biggar's policy was cancelled because his application "did not disclose all the conditions he had," said Neal Spiro, senior vice president and chief marketing officer at the Livonia-based insurer.

In particular, Biggar failed to tell the insurer that he sought emergency department care for heart palpitations in Dec. 2007, one month before he applied for insurance, Spiro said. The emergency department doctor also recommended he undergo an echocardiogram to determine the extent of any problem, but Biggar didn't disclose that test, even though the application asked if he had any pending tests, said Marj Pedigo, of individual underwriting at American Community.

Spiro said: "... although this is not something we like to do, it's somewhat necessary to protect our people, our subscribers. We do this to keep costs down."

Biggar found insurance with Blue Cross Blue Shield of Michigan, the state's insurer of last resort. But last December he filed a 50-page complaint with Michigan's Office of Financial and Insurance Regulation against American Community.

He denies hiding anything from American Community, saying all he ever was told by doctors up to this year was that he had a heart murmur and, most recently, the heart valve problem. "They want me to be a medical doctor," said Biggar of American Community.

"When I applied for the American Community policy, the application asked something to the effect on what I have been treated for recently. Since I wasn't treated for anything, I didn't identify this visit on the application," Biggar explained. He said the agent who sold him the policy told him the company would "do a thorough medical review of the application" and would review his medical records if they had concerns.

American Community said it did not require Biggar to have a physical before approving his application and while he authorize the company to have access to his medical records available, the company didn't check them, Pedigo said. The company finds that physicals and pulling an applicant's medical records is "costly, time consuming and often just not necessary," Pedigo said.

Pending insurance reform bills in Lansing both would make it harder for insurers to drop policy holders until they could prove intentional misrepresentation. That is likely to be an issue in the review that the Office of Insurance and Financial Regulation last week American Community to conduct in

the case.

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