

# ROCHESTER BUSINESS JOURNAL

VOLUME 21, NUMBER 8

DAILY EDITION: <http://www.rbjdaily.com>

MAY 27, 2005

## Health coverage changes far too important to hurry

Prior to 1999, Rochester's community-rated HMO health plans offered by Excellus Blue Cross Blue Shield, Rochester Region and Preferred Care were consistently affordable for several years. Does anyone remember when rate increases for both carriers averaged less than 4 percent in 1996 or less than 2 percent in 1997 or how about 1998—the year the increase was less than 1 percent?

When Rochester Business Journal reported premium hikes were on the horizon in a Nov. 20, 1998, article titled "Big Health Premium Increases Loom," little did we know that the opening sentence in the piece, "The Rochester area is in for 'sticker shock' in two weeks when health insurance premium increases are submitted to the state ..." was just the beginning.

Much has changed since then, but one aspect of community-rated health care remains the same: Annually, on Dec. 1 every employer that offers community-rated health plans receives a rate notification letter from their carrier. This letter satisfies a state insurance law that mandates insurance carriers give a minimum 30-day written notice before a rate increase goes into effect.

By September each year, all Rochester is abuzz about the expected community rate health plan increases. While larger employers are already busy at work with their brokers or carriers budgeting and planning for the coming year, small businesses—less than 50 employees as defined by the carriers—tolerantly wait for their community rate increase notification from the carriers before any final decisions can be implemented.

Once notifications are received on Dec. 1, small businesses typically react in one of two ways:

1. Cost-driven health plan decisions are made within the first two weeks of December. Then at a time that is already hectic, employers try to communicate plan options available to their employees, options which are effective in a few weeks. Employees are given a narrow window of time to review the information and make a decision.

2. Rate increases are discussed and contributions by the employer and employee are finalized without investigation of other viable, cost-effective options.



**VIEWPOINT**  
Robin Flaherty

Health insurance is too critical, complex and expensive to limit its decision making time frame to one hectic month. One can't help but see the absurdity with the current process, which lacks the sufficient time needed to properly evaluate options.

If the media begin to inquire about the rates as early as September and larger companies typically begin their open enrollment periods in October and November, doesn't that make a credible argument that small businesses would benefit by having final community rates earlier than Dec. 1?

A change in the notification date would provide small-business employers and their employees more time to make prudent, informed decisions regarding which health plans would be most appropriate. In addition, establishing a routine of employee involvement will not only be of current benefit, but will build and reinforce techniques that are essential with the new consumer-directed health care plans that are emerging and headlined as a partial solution to the current state of health care and health insurance.

As reported in the April 22 issue of the RBJ ("Robach wants state to move up date for rate hike disclosure"), I wrote a letter to Sen. Joseph Robach requesting his support with changing the required notification date for the community rates from Dec. 1 to Oct. 1. Robach agrees a change in the community rate notification date would greatly benefit small-business employers and employees. "Any system adjustment that provides employers and employees more time to make informed health insurance decisions is a worthy goal," he says.

William Bauman, executive vice president of finance and administration at the electrical contracting company of Conners-Haas Inc. says, "Under the current

system, my efforts to plan for the following year are pointless when there is a significant variance in the rates like there was this past year. Surprise variances between estimated and actual increases in the community rates force me to be reactive rather than proactive. Having final rates that I can rely on for the coming year in October would guarantee my efforts are productive rather than potentially a waste of time."

Of course with every change there's a challenge, but the advantages of transitioning to a new community rate notification date of Oct. 1 should not be overshadowed by a few obstacles.

One potential obstacle expressed in the April 22 RBJ article by both of the major carriers was their actuaries would have less data to work with and that would cause them to make more conservative rate recommendations, which would mean higher rates.

The first year that the community rate release date is transitioned to Oct. 1 "could" create a temporary increase in the rates, but the actuaries would have to make a future negative rate adjustment for any conservative estimate that the actual claims data does not support. A new claims review time frame could be established to allow for an Oct. 1 notification date in the same way a claims review time frame is now utilized for a Dec. 1 notification date.

One additional advantage to moving the community rate notification date to Oct. 1 is it would align with other larger company's open-enrollment periods. This would enable couples working at different companies, who are both offered participation in a company-sponsored group health plan, the ability to make an informed comparison regarding which health plan should be elected that will best fit their needs for the coming year.

I'll leave both employers and employees with one final thought: Consider the total annual cost of a single and family community-rated HMO plan—approximately \$3,000 and \$7,800, respectively. If you were spending that amount of money on a vacation, how much time would you spend researching and comparing your options before you made a decision? Surely, your health insurance decisions deserve the same level of attention, if not more.

If you would like to support the proposal to change the notification date for community-rated health plans from Dec. 1 to Oct. 1, please visit [www.benefitlink.net](http://www.benefitlink.net) for

more information or call our office at (585) 785-8000.

*Robin Flaherty is the owner and founder of Benefit Link LLC. Benefit Link provides*

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