



Debra L. Sears

HEALTH CARE RATE INCREASES

& What They Mean To You

With this being mid-year, it is a good time to review all of your insurance(s). This is the time of year that we review the rate increases on health care plans for 2016. Open Enrollment for 2016 begins November 1, 2015 and runs through January 31, 2016. It is a time to understand the increases and what options each of us have. By doing so, we are not trying to make decisions at

the last minute in frustration. The rate increases do not affect people over 65 or persons insured on the employer groups. Within the individual market there are two groups.

So, Who Is Impacted By the Rate Increase?

Wellmark Individual grandfathered and grandmothered (Pre-ACA) members make up about 6% of Wellmark's total business. These plans have an effective date prior to January 1, 2014. This represents approximately 110,000 members (of the total 1.7 million Iowa Wellmark members). Some members will see no base rate increase and others may see an average base rate increase ranging from about \$36 to \$60 per month depending on their plans.

Premium Change: What's Driving Costs? Members used more services than anticipated.

- 1) There was a 300% increase in prescription drug cost and use.
- 2) 15% higher costs for specialty drugs, treating serious conditions like multiple sclerosis, cancer and hepatitis.
- 3) 9% increase in high-cost inpatient services.

Understanding Iowa Individual ACA 2016 Proposed Rates

Many factors impact ACA Individual Rates:

- 1) **Higher Cost Claims** - members in ACA plans used 30% more services - that is ALMOST DOUBLE what was anticipated. This equates to 18% more members with claims greater than \$50,000.
- 2) **More Prescriptions** - members in ACA plans used 33% more prescriptions and 5 times more insulin. Higher-cost prescriptions were up by 47% on prescriptions ranging between \$2,500 and \$20,000 per prescription.
- 3) **Cost of Services** - for every \$1 in premiums paid by members, Wellmark is spending \$1.28 to pay for the cost of services.
- 4) **Members Cancelling Coverage** - 135 members cancelled their coverage after receiving several million dollars in services. There were 10% collected in premiums as compared to several million dollars paid for services.

Health Care 101

Protecting Our Members

The Medical Loss Ratio (MLR) requirement of the ACA requires insurers to spend 80% of Health Care Premiums on medical costs and quality improvement and no more than 20% on administrative costs for individual policies.

Community Approach

The basic concept behind health insurance is a community approach to sharing cost. Purchasers of insurance combine their premium dollars with other purchasers. This allows the insurance company to pool funds together to pay for the costs of medical services for all members in the pool.



So, why does Sears Insurance prefer Wellmark Blue Cross and Blue Shield?

They are focused on improving the health and well-being of the communities they serve. They have been trusted since 1939, they have the largest network of doctors, they are owned by their policy holders, 1 in 3 (or 105 million Americans) carry Blue Cross and Blue Shield cards, helping their members live healthier lives by providing smart planning tools - that is why they are 1.7 million members strong!

I want to visit with each and every client to learn about any changes that may have taken place in your lives, such as children aging past 26 years old, new babies, travel plans for students, vacation or work, marriage, divorce, job changes, etc. This allows me to determine what is suitable for your needs. We will review your current plan and premiums, as well as take a look at all of your options. In doing so, we will find a plan that meets your needs and your budget.

Please give me a call today for a FREE consultation! Please visit www.searsinsurance.info for up-to-date information on my newsletter and blogs.

Thank you for your business and the professional confidence that you continue to place in me and Sears Insurance. *

*Sears Insurance has been trusted by families and businesses spanning four generations for their health insurance needs and we were recognized again in 2013 as being in the Top 1% for Wellmark Blue Cross and Blue Shield in Iowa. Learn more about us on our website www.searsinsurance.info, or follow our RSS feed and "like" us on Facebook to receive the most current information. **Ask about Blue Rewards - an exciting new product that is a collaborative effort utilizing the homegrown and trusted resources of Wellmark, Hy-Vee and UnityPoint.***

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