

HealthCare Reform Will Have An Impact On Everyone...

Do You Know How It Will Effect You?

By Debra Sears

When premium rates increase it is frustrating... the rising cost of healthcare is a huge concern. If one understands the basic concepts of how health insurance premiums are calculated it may be a place to start. The premiums are meant to cover the amount it costs to pay for the health care that insureds receive each year. The past claims experience being projected into the future is how the rates are determined. If you were setting your household budget, you would take the known expenses from the past year and try to project what they are for the coming year. From that you would have a close idea of how much money it would take to offset your expenses for next year.

Health care costs are projected to rise, therefore, premium adjustments must be increased to meet the growing costs going forward. Health insurance companies are going to be required to look at how premiums are calculated in a different approach. One of the premium factors used to calculate rates is age. A younger person typically would have a lower rate than an older person. With the new reform health insurers are limited in using age as a factor. The older person's rates cannot be higher than three times that of a younger person. This will create a situation where older persons will see a reduction as younger people see an increase. Think of a teeter totter. The balance will be closer than in the past. Some people will view this as a win while others will see an increase in their premiums. Another factor that has been used forever is gender and health status. In 2014 these two factors cannot be used in calculating rates. This will cause

significant changes in premiums.

The new rules that the insurance market will be subject to will also include guaranteed issue, no pre-existing condition exclusions and essential health benefits.

I think of all of the research nationwide, the marketing, the agent training, the mandated testing, the investment of time on everyone's part, the vast and enormous synchronizing of the Federal systems such as the Department of Labor, the IRS etc., which has taken place and the mass confusion. This in itself represents countless dollars. Through all of this...the message to the public is still vague. Most Americans do not know how this will effect them. I think the easiest to understand information that I have seen came from Wellmark. They created "Setting the Table for Health Care Reform" which can be seen at www.WeKnowReform.com. There are interactive tools and videos as well as various articles that are very well done. Whether you are an individual, an employer or an employee trying to understand just how this new law impacts you, please visit the Wellmark site – it is the best that I have seen.

As a quick synopsis...10 of us meet for lunch at a local restaurant...it is 2013.

We all sit down and order from the menu. We each get and pay for our own bill - it is based on what we ordered. In 2014 the same group meets at the same place for lunch...except now anyone can join us...it's not an exclusive group. Secondly, there is not a limited lunch menu...you can order anything you desire. Thirdly, when the bill comes rather than each person getting his own bill...it will be split by the number at the table. By the way...you get the side dish whether you wanted it or not. Those who used to pay a lower bill before will be required to pay more and those who paid more will pay less. And...if you choose not to come to the table you will pay a penalty.

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