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Frequently Asked Questions

Iowa ACA Individual and Family Plans Public Hearing for Premium Change

Q1. What is a public rate hearing? Why is it being held?

A1. The public rate hearing is an opportunity for ACA policyholders to comment on Wellmark’s proposed base premium changes for our ACA Individual and Family Plans. The hearing, held by the Iowa Insurance Division, is required under Iowa law when insurance carriers file for premium changes over a certain amount.

Q2. When/where is the public hearing?

A2. For ACA members:

The Iowa Insurance Commissioner will hold a public hearing at 10:30 a.m. on July 25, 2015, at the Mercy College of Health Sciences Sullivan Center, Room SC-210, 928 Sixth Ave., Des Moines, Iowa 50309. You may also attend and participate in the hearing by live video conferencing of the Des Moines event at any of the following locations:

Site	Address	City	ST	Zip	Building	Room Number
North Iowa Area Community College	500 College Drive	Mason City	IA	50401	Activity Center	106
Spencer Public Library	21 East Third Street	Spencer	IA	51301	Library, Adult Section	ICN
Kirkwood Community College	6301 Kirkwood Boulevard SW	Cedar Rapids	IA	52406	Linn Hall	2184
Iowa Western Community College	2700 College Road	Council Bluffs	IA	51502	Looft Hall	24

Burlington Public Library	210 Court Street	Burlington	IA	52601	Library, First Floor	ICN
DMACC – Carroll Campus	906 North Grant Road	Carroll	IA	51401	Main Building	144
If a building or ICN room is not accessible, or if there are technical problems, please call 800-572-3940.						

Q3. Will all insurance companies go through this public hearing process?

A3. Not necessarily. Public hearings are required for all insurance companies who sell Individual and Family Plans and request a base premium increase more than the average annual health spending growth rate. The annual health spending growth rate is the percentage of increase in the cost of health care.

For rates effective in 2016, all carriers with proposed base premium increases above 6.0 percent must participate in the hearing process.

Q4. Why should I keep my insurance coverage with Wellmark?

- A4.** There are many reasons why Wellmark is the right choice for your health insurance coverage:
- As an Iowa-based health insurance company, we work hard to minimize premium changes.
 - You and our other members are valued. We strive to make decisions in your best interest.
 - You have access to a broad network of care, which means covered physicians and hospitals are easy-to-find.
 - You can find a plan that fits you. We offer a variety of products to meet a wide range of needs.
 - Our overall focus is on improving the health of the communities and people we serve.

It's important to remember, the premium you have today is the same premium you will continue to pay through Dec. 31, 2015. Since the Open Enrollment Period for 2015 is closed, you cannot make any changes to your benefits unless you've recently had a life event that qualifies you for a Special Enrollment Period.

You will be able to make changes to your plan for 2016 during the next Open Enrollment Period, which is Nov. 1, 2015 – Jan. 31, 2016. At that time, your agent or a Wellmark representative can help you look at your options, and help you decide the best solution for your unique needs.

Q5. I heard the recent announcement about rate increases. Who is all impacted by this?

A5. The recent announcement about our proposed rate increase for Jan. 1, 2016, is only for our members who are under the age of 65 and purchased an individual ACA plan with a Jan. 1, 2014, or after effective date.

This increase **does not** affect:

- Employer-based health insurance plans,
- Members with Medicare Supplement plans; or
- Pre-ACA individual plans, which includes our grandfathered and pre-ACA non-grandfathered plans that were sold prior to Jan. 1, 2014.

We are still in the process of determining our rates for our grandfathered and pre-ACA non-grandfathered Individual and Family Plans. More information will be released on those in June.

Q6. My rates just went up in January. Why am I getting a notice about them going up again?

A6. It's important to know the proposed rate increase **will not** be effective until Jan. 1, 2016.

Wellmark, along with other insurance carriers in Iowa, are required to provide next year's proposed rates to the Iowa Insurance Division based on certain guidelines established by both the federal government, as well as the State of Iowa. One of the guidelines we must follow is the timing in which the rates need to be submitted for approval.

At approximately the same time we provide the proposed rates to the state, we are also required to send a notice about the public hearing to our members, which is why you are learning about this now.

Q7. Why are premiums going up?

A7. We are asking to increase the premium amount primarily because we believe the cost and use of medical services will continue to rise, creating a need for increased premiums to cover the cost of claims.

Some of the main reasons for the proposed premium increase are:

- The increase in the number of large claims — our ACA members are using more services and receiving care for more chronic and critical diseases than we anticipated.
- The increase in prescription costs — the cost and volume of prescriptions were higher than anticipated. In addition, members are using more high-cost specialty drugs.

Q8. Is this increase due to health care reform?

A8. Partly, yes. The Affordable Care Act (ACA) has benefited many consumers who previously didn't have access to affordable health insurance.

However, the cost of covering pre-existing conditions (carriers are now required to offer coverage to everyone) and plans with broader benefits comes with an increased price for all.

Q9. Who mailed this rate hearing information to me?

A9. Wellmark was required by law to mail the Notice of Public Hearing to members at least 45 days prior to the date of the hearing. We are required to provide the Notice in the format you received. It includes information about the date and locations of the hearing.

Q10. I heard that some people are receiving rate hearing notices, why didn't I get one?

A10. Only members who have an ACA Individual and Family Plan received rate hearing notices from Wellmark.

This increase **does not** affect:

- Employer-based health insurance plans,
- Members with Medicare Supplement plans; or
- Pre-ACA individual plans, which includes our grandfathered and pre-ACA non-grandfathered plans that were sold prior to Jan. 1, 2014.

We are still in the process of determining the premium increase for our pre-ACA non-grandfathered and grandfathered Individual and Family Plans. More information will be released on those in June.

Q11. If a member cannot attend the hearing, can he/she still make a comment to the Iowa Insurance Division?

A11. Yes. Members can submit comments directly to the consumer advocate by calling toll-free 877-955-1212, by emailing ConsumerAdvocate@iid.iowa.gov or by going to the [Iowa Insurance Division](http://www.iid.state.ia.us) website, iid.state.ia.us.

Q12. I didn't even use my health benefits. Why are my rates going up?

A12. Your premium increase is not based on the health and medical services you and your family use alone. Your premium dollars are managed in a "pool" or a group along with other members who purchased an individual plan similar to yours.

Premiums are set by looking at past claims expenses for the pool or group, and by projecting claims for the upcoming policy year.

Think of it like a household budget, we look at the expenses from the previous year and estimate how much money it will take to cover those same expenses for the next year.

The requested increase in the *base premium* reflects the amount of medical claims we expect to pay on behalf of all members in the pool. Everyone in the pool receives the same increase to their base premium, regardless of how many health care dollars each person used last year.

The goal of increasing premiums is to make sure we can cover the cost of claims, so you have the security of knowing we will be here for you when or if you need care in the future.

Q13. What factors influence the cost of health insurance?

A13. Many factors influence the cost of health care and health insurance. Some examples are:

- Rising provider costs
- Increased use of services
- Rising prescription drug costs
- High-cost medical diagnostic and treatment services
- The overall health of our members. Obesity, for example, can lead to increased costs due to its association with diabetes, heart disease and orthopedic care.

NOTE: For factors specific to the ACA increase, see the ACA infographic on the [Producer Connection](#).

Q14. How soon after the public hearing will the Insurance Commissioner decide if the base premium increase is appropriate?

A14. Wellmark anticipates that the Insurance Division will make the decision within 30 days of the hearing date.

Q15. Should I be looking at other benefit options today?

A15. No. The premium you have today is the same premium you will continue to pay through Dec. 31, 2015. Since the Open Enrollment Period for 2015 is closed, you cannot make any changes to your benefits unless you've recently had a life event that qualifies you for a Special Enrollment Period.

You will be able to make changes to your plan for 2016 during the next Open Enrollment Period, which is Nov. 1, 2015 – Jan. 31, 2016. At that time, your agent or a Wellmark representative can help you look at your options and help you decide the best solution for your unique needs.

Q16. Where can I find more information about why premiums change?

A16. You can go to Wellmark.com/WhatMatters to learn about why premiums change, what Wellmark is doing to control costs, and how you can help keep premiums low.

Q17. I'm hearing in the media the rate increase was XX percent. Why is my premium increase different?

A17. There are other factors that go into your total premium besides just the base premium.

Your total premium amount depends on personal factors that affect rates such as changes in coverage, benefits, age, geography, and/or tobacco status. All insurance companies are prohibited by law from varying individual policyholders' premiums based on any other factors.

Q18. Last fall I received something from Wellmark that said I may not be able to keep my coverage because I no longer live in Iowa/South Dakota. Does this mean I will be able to keep my coverage?

A18. At this time, Wellmark is still reviewing whether to continue to provide coverage for Individual and Family Plan members who reside outside of Iowa or South Dakota.

If we decide to no longer offer coverage to members who do not live in Iowa or South Dakota, we will notify you immediately, and give you ample education and time to make a decision to enroll in health insurance coverage within your state.

Q19. Is it a coincidence that CoOpportunity went out-of-business, and now Wellmark is asking for a large rate increase?

A19. CoOpportunity going out-of-business does not have anything to do with Wellmark requesting a rate increase for 2016. We are asking for a rate increase, so we can cover the expected cost of claims in 2016.

It is unfortunate that CoOpportunity only lasted one year in the market. Our main concern is ensuring that all Iowans have access to health insurance — whether it is with us or another health insurance company.

Q20. I don't understand, how do you know my rates, but you don't know the rates for your other Individual plans (for example, a husband has an Individual ACA plan and a wife has a grandfathered plan)?

A20. That is because the state and federal timelines that all insurance carriers have to follow for filing ACA plans are different than the timelines for other individual plans.

We are now working on rates for our other plans. As soon as we have the information prepared, it will be shared.

Additional Questions You May Receive

Q21. How much is Wellmark's CEO paid? Shouldn't his and other company officials' salaries be considered before you raise members' premiums?

A21. It is understandable you are concerned about executive compensation. What you should know is that Wellmark offers competitive salaries, benefits and incentives to attract and retain high-quality employees at all levels of the company.

We strive to ensure that the total compensation package to all employees (including executives) is at the 50th percentile or average (midpoint) of the market. That means, we try to avoid the extremes on either end of the pay scale, instead we aim for an amount near the middle of an employee's peer group of people who do similar jobs. Wellmark's administrative costs, including salaries, are among the lowest in our industry.

Q22. Is this premium increase just to boost Wellmark's profits or make up for past losses?

A22. No. The Affordable Care Act protects members from unnecessary increases to premiums. The law does not allow health insurance carriers to make too much money — or overprice to make up for past losses. If insurance carriers overprice and do not pay enough out in health claims, they are required to refund the money back to members.

Also, as an Iowa-based mutual insurance company owned by our policyholders, Wellmark, works hard to minimize the size of premium changes. We are not driven to maximize profits for shareholders because we do not have shareholders. Our focus is on providing the best value for all our members who place their trust in our products.

Q23. What do the factors in the chart in my letter really mean?

A23. If you refer to your letter, you will see the definitions for each of the factors that are applied to the premium change for your plan.

The first row is medical trend and government risk sharing programs. Medical trend is the change in cost to provide health care services to policyholders. This includes increases in how many people use services, how often they use them, the cost of the services used, new technologies and drug therapies. Wellmark expects the costs of medical services to continue to rise. This category also includes risk sharing programs, such as the Federal Reinsurance Program, which helps stabilize the cost of premiums

in the individual market for the first three years of the Affordable Care Act. This program helps health insurance carriers by reimbursing a portion of claims that were paid for members with very large claim amounts. It also includes the Risk Adjustment Program, which is a permanent program that transfers payments between health insurance carriers. Under this program, if one carrier insures more healthy people and another insures more unhealthy people, the carrier with the healthier population will make a payment to the carrier with the unhealthier population.

The second row is government fees, which includes the Health Insurer Fee and the Patient-Centered Outcomes Research Institute (PCORI) Fee. The Health Insurer Fee is a tax that helps fund the Affordable Care Act. The PCORI Fee helps fund research to determine the effectiveness of treatments. The research findings are used to assist in making informed health decisions, which will lead to a better quality of care.

The third row is administrative expenses, which are the cost of administrative functions such as customer service, claims processing, provider contracting, network access, government compliance, agent compensation, and other costs to the company. Wellmark is taking steps to ensure that our administrative expenses, as a percent of premium, remains the same or decreases over time.

Q24. Can you explain to me what the dollars and percents mean in my letter?

A24. The Iowa Insurance Division requires that we identify the factors responsible for the requested increase. We also have to show the percentage and dollar amounts tied to each factor's portion of the total increase requested.

The dollar amount represents the amount of the base premium increase for each factor for the members in your pool. The percentage shows what portion of the total percent increase can be attributed to each factor. When you combine the percentages for each, it equals the total increase to your base rate of 26.5 percent (ACA PPO plans)/28.7 percent (ACA HMO plans).

It's important to know that these figures are only for the requested base premium increase. They are not specific to your total individual premium rate. There are other factors such as age, benefit differences, geography, and tobacco use that affect your total premium. We will provide your actual premium change amount prior to Open Enrollment this fall, which begins on Nov. 1.

Q25. Who attended the last public hearing for Wellmark?

A25. Laura Jackson, Wellmark executive vice president for Health Care Innovation and Business Development attended the last hearing. Laura is responsible for the management and compensation of the provider network, agents, pharmacy, health and care management, including wellness, health care analytics, sustainability, sales and marketing.

Q26. How much do your administrative costs contribute to the proposed rate increase?

A26. Wellmark's administrative costs account for a small percentage of every premium dollar paid. Wellmark is one of the most administratively efficient companies in the health insurance industry.

There are laws in place to protect you from unnecessary increases in premium. If any health insurance company receives too much in premiums and does not pay out enough in health care claims, it is required to refund money back to members. Wellmark has consistently met and exceeded these requirements.

Q27. Are Wellmark's employee bonuses tied to premium increases?

A27. No. No part of employee compensation is tied to premium increases. Employee compensation is a planned expense each year and is included as part of our already industry low administrative expenses.

Premiums increase to meet the rising costs of health care services. The rising costs are caused by a greater use of health care services and higher prices for those services.

Producer Questions

Q28. What will be communicated to my group and individual customers?

A28. Wellmark is committed to helping you work through these changes with your clients. Wellmark will be reaching out directly to our impacted clients as soon as the rates are announced.

Impacted ACA Individual and Family Plan members will receive two separate communications. The first communication is a notice mandated by the Iowa Insurance Division, and the second is a letter written by Wellmark to help your impacted members understand the reasons behind the proposed rate changes.

Your clients do not need to do anything at this time. If they call or stop by your office, reassure them that these new rates won't go into effect until January 2016 and they will receive information on their rates this fall closer to open enrollment.

For clients experiencing concern, it's a good idea to let them know they are a valued customer and that you are happy to sit down with them to discuss their options this fall during open enrollment.

Q29. What other resources will be available to help me with client questions?

A29. We know your clients will have questions and concerns. In addition to this Q&A, we created an infographic to help further explain why the proposed rate increases are more than what we've

experienced in the past. Both tools will be available on the Producer Connection at Wellmark.com on May 11.

You'll also receive more information to help your clients sort through their options during upcoming training events. Rate changes will be on the agenda for both the Producer Forum in August and at Fall Training in September to help you prepare for Open Enrollment.

Wellmark will provide more information and any new details through News Alerts and BBOs. Your General Agency or Retail Agency can also assist you.

Q30. Will rates be increasing for small businesses?

A30. Yes. On May 11, we filed proposed rate increases of 10.7% (PPO) and 5.9% (HMO) for small group ACA plans, which are businesses who have between 1 and 50 eligible employees. If approved, these increases will be effective Jan. 1, 2016.

We are asking for those rates because of the increase in services used beyond what was anticipated.

Q31. Will Wellmark be participating on the exchange?

A31. At this time, we have determined to continue selling our products through the same channels they are today – through a licensed insurance agent, broker or direct from Wellmark.com.

One of the reasons for this decision is because there is a litigation pending before the U.S. Supreme Court that raises the question of whether federal subsidies can be provided through exchanges “not established by the state.” The operation of Iowa’s exchange, currently functions as a federal-state partnership and could be affected by the Court’s decision.

Also, while there is a relatively smooth experience for consumers on the marketplace website now, there are still issues that exist with back-end operations for insurers. Because we rely on this information to serve our members, we need to ensure it is accurate, timely and secure before we decide to participate on the exchange.