



Debra L. Sears

UNDERSTANDING THE IOWA INDIVIDUAL ACA *Proposed Rate Increases*

Effective January 1, 2017 individuals with an Affordable Care Act (ACA) policy will see a sharp premium increase. Of the total business that Wellmark has, about 2% or less in Iowa will be impacted. However, if you are an individual that received a letter announcing this increase, please give me call. We can take a look at your current benefits, your utilization and

determine your needs. From there we can look at what is suitable. When the fourth quarter approaches and we feel that we may want to look at options for 2017. We will have the rates and assist you with knowing your options.

I think it's important that folks know the factors impacting the ACA individual rates. The three largest items are higher cost claims, more and higher cost prescriptions and members cancelling coverage.

Regarding the higher cost claims; it was anticipated that members in ACA plans would use 30% more services. This group actually used almost double what was anticipated! There were 18% more members with claims greater than \$50,000 resulting in an increased usage of two times projections.

Prescription usage for ACA members increased 33%. The ACA population uses 5 times more insulin. This is combined with 47% higher-cost for prescriptions ranging between \$2,500 and \$20,000 per prescription.

After receiving several million dollars in services, over 135 members cancelled their coverage. The end result of this means that only 10% of the costs paid for services was collected in premiums.

The translation is for every \$1 in premiums paid by the members, Wellmark is spending \$1.28 to pay for the cost of services. You may remember some time back that Wellmark received some bad press regarding their reserves. Thank goodness they had the excellent management, foresight and relationships with providers to navigate through the storm. So if you see an increase, please call me and we can assist you with your choices. Please know that when it comes to your insurance, which pays for your professionals, a bargain may not be what you want when you need surgery. You usually get what you pay for. Let's work together and address the budget concerns.

Each year from 2010 through 2018 on the ACA timeline there were various provisions that came into play. There were six just this year. One in particular that jumps out at me is the expiration of the Transitional Reinsurance Program.

This is the information taken directly from the CMS.gov website:

"Section 1341 of the Affordable Care Act established a transitional reinsurance program to stabilize premiums in the individual market inside and outside of the Marketplaces. The transitional reinsurance program will collect contributions from contributing entities to fund reinsurance payments to issuers of non-grandfathered, Affordable Care Act-compliant reinsurance-eligible individual market plans, the administrative costs of operating the reinsurance program, and the General Fund of the U.S. Treasury for the 2014, 2015 and 2016 benefit years."

The insurance companies are now going to have to pay for the above-mentioned "large claims" without the Federal assistance. The country has seen more mergers and acquisitions since this law became effective than any other time in history. This shrunk the marketplace and the competition, rather than to expand the marketplace. The purpose of this law was to make health care insurance "affordable" – the average family was to have saved an approximate \$2,500 in premiums per year. You would also be able to keep your same doctor. That did not become the case for the majority.

You Need A Benefits Account Manager

If you are a corporation, large or small, or if you are a business owner you need a benefits account manager.

The role of an account manager has become increasingly important since the passage of the ACA. It is the account manager who keeps the processes moving forward through the service provided to your employees. Account managers have taken on many more of the duties that were traditionally reserved for your designated HR personnel and are critical in compliance efforts.

The Benefits Account Manager understands the complex and critical role they play in the health and benefits arena. They understand the key technical components of benefit plans and are better prepared to counsel you or your Board on the various products as well as key instruction to assist them with compliance.

We Are Here To Help

Sears Insurance has been trusted by families and businesses spanning for generations for their health insurance needs. We have been recognized as being in the Top 1% for Wellmark Blue Cross and Blue Shield of Iowa. I have 38 years in the health and life insurance industry and I am a business owner myself. I am here to help you understand your choices and assist you with recommendations. Please give SEARS INSURANCE a call – my consultations are FREE! ✨

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www.searsinsurance.info • searsdebra@aol.com
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