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Health-Insurance Rates Set To Rise In 2010

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ABSTRACT

More survey findings Preliminary findings from Mercer's "National Survey of Employer-Sponsored Health Plans 2009," released Sept. 10, indicate that respondents plan to shave 3 percentage points off their annual-renewal rates through a variety of cost-savings actions, holding overall cost growth to 5.9 percent next year. FULL TEXT

Major health-**insurance** carriers serving Central New York are currently working to determine how much of a rate increase their customers will face in 2010.


Spokespersons for Rochester-based Excellus BlueCross BlueShield, Schenectady-based MVP Health Care, and UnitedHealthcare, which has its upstate headquarters in DeWitt, say it's "too early" to provide definitive rate information for their 2010 health plans. Carriers typically file their rates with the New York **Insurance** Department on Nov. 30.

However, recent survey reports and interviews with employee-benefit consultants shed some light on what businesses can expect to see in rate increases.

Figures in the 2009 Small Business Health-Care Reform Survey from the National Small Business, Association indicate 92 percent of respondents are planning for an increase in their premiums in 2010.

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




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The average expected increase is 13 percent, and about 20 percent of small businesses anticipate premium increases of more than 20 percent next year, the survey found.

Consultants and brokers in upstate New York say businesses should expect to see increases of at least 6 percent, ranging into double figures, depending on plan design.

Concrete numbers on health-plan rates won't be available until early November, says Christian (Chris) Marshall, executive vice president of brokerage services with Falcone Associates, Inc. of Syracuse.

New state taxes and fees imposed on health-insurance plans earlier this year will likely be reflected in 2010 premiums, says Ross Kraft, president of the Meridian Group of New York, Inc. in Utica and current president of New York State Association of Health Underwriters.

Meridian helps clients in New York and neighboring states design employee-benefit programs for their employees.

Rates for health-maintenance organization (HMO) plans in New York could rise between 15 percent and 20 percent because it's "a dwindling pool," says Kraft, referring to the decline in the number of people who are enrolling in HMO plans.

Another upstate employee-benefit consultant, Thomas Flynn, a Rochester-based principal with the consulting firm Mercer, agrees that HMO plans could see a double-digit rate increase. Flynn also believes health insurers are trying to help employers keep costs down by promoting their consumer-directed health-care plans.

CDHPs are high-deductible plans with an employee-controlled spending account - a health-savings account (HSA) or health-reimbursement arrangement (HRA).

MVP expects CDHPs will attract a larger share of the employer-sponsored health care market because of rising premiums, Gary Hughes, MVP's director of public and community relations, said in an e-mail message.

Hughes couldn't provide a figure on MVP's current market share for CDHPs. But his company's analysis of enrollment data on CDHPs found that 1 percent of New Yorkers are enrolled in such plans, lagging behind New Hampshire and Vermont, which have 3.5 percent and 4.9 percent CDHP enrollment, respectively.

Many of these high-deductible plans give employees an incentive to take cost into consideration when seeking health-care services by allowing them to save for future needs, on a tax-advantaged basis, account dollars they don't spend in a given year.

Flynn says it's interesting to see the focus on cost shifting through plan design because companies are realizing they can control costs by having employees make better decisions about their health and the medical care they seek.

It's a trend that's evident from a survey Flynn's firm conducts every year.

More survey findings

Preliminary findings from Mercer's "National Survey of Employer-Sponsored Health Plans 2009," released Sept. 10, indicate that respondents plan to shave 3 percentage points off their annual-renewal rates through a variety of cost-savings actions, holding overall cost growth to 5.9 percent next year.

The preliminary findings are based on responses from 1,562 employer health plan sponsors, according to Mercer.

If employers made no changes to their employee-medical plans in 2010, they would see costs rise by nearly 9 percent, according to Mercer.

Last year, Mercer's annual survey found the average health-benefit cost per employee rose 6.3 percent in 2008. Cost increases have been relatively stable since 2005, averaging just over 6 percent each year.

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In 2010, nearly two-thirds of all respondents (63 percent) will again ask employees to pay a greater share of health plan costs, most commonly by requiring them to pay a higher portion of the monthly premium (40 percent of respondents) and/or by raising deductibles, copays/coinsurance or out-of-pocket maximums (39 percent).

Nearly one-fifth of the respondents (18 percent) are eliminating high-cost health-plan options as a way to move employees into lower-cost options, such as a CDHP.

In a separate survey from the Henry J. Kaiser Family Foundation released Sept. 15, the findings indicate premiums for employer-sponsored health **insurance** rose to \$13,375 annually for family coverage in 2009, with employees paying, on average, \$3,515 and employers paying \$9,860.

The Kaiser Family Foundation, a non-profit research organization based in Menlo Park, Calif., collaborated with the Washington, D.C.-based Health Research and Educational Trust in developing the survey.

The organizations randomly selected more than 3,100 public and private firms with three or more employees for their responses.

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