

Public Testimony and Comments Regarding the 2021 Proposed Wellmark Health Plan of Iowa, Inc. Rate Increase

For Consideration by Commissioner Doug Ommen, Insurance Division of Iowa

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I. Background

Iowa Code §505.19 sets forth procedures for health insurance rate increase requests exceeding the average annual health spending growth rate published by the Centers of Medicare and Medicaid Services (CMS). The procedures include a requirement that the Consumer Advocate solicit public comments on the proposed rate increase, provide the comments received by the public on the internet, and to present the public testimony and comments received to the Commissioner of Insurance for consideration before a decision is made on the proposed rate increase.

The Consumer Advocate Bureau was notified in June 2020 that Wellmark Health Plan of Iowa, Inc. was seeking a proposed average rate increase of 8.7%. All of the plans affected are either grandfathered plans or transitional business plans for a total of approximately 1,000 covered lives. The proposed rate increase would become effective January 1, 2021 if approved. As the amount proposed exceeded the most current average annual health spending growth rate of 5.7%, the Consumer Advocate solicited comments regarding the proposed increase.

II. Actuarial Review

As a regular part of the rate review process, the proposed rate increase is actuarially reviewed twice. Once by the Iowa Insurance Division's actuary staff and once again by independent third-party reviewers. The results of these two reviews have been included in a summary document. The actuary summary document is available as a handout during the public hearing and has been posted on the Iowa Insurance Division website. The actuaries found the following:

- Past loss ratios for this block have averaged nearly 86% over the last 7-years.
- In the absence of a rate increase for calendar year 2021, the IID projects a loss ratio over 95%.
- IID trend models justify a trend rate of least 10 percent based upon a review of the per member per month and adjusted loss ratios.
- With the high current loss ratios and the consistent growth of claims, the IID's projected loss ratio is nearly 90% after the 8.7% rate increase is applied.
- After adjustments are made to account for taxes, license, and fees in the federally prescribed medical loss ratio (MLR) formula – the projected MLR is over 93% after the increase is implemented. In the event the MLR dips below 80% with the revised rates (over a 3-year rolling basis), affected Iowans could receive a rebate under Federal law. (This is achieved using a minimum trend – a higher trend is justified)

The new average monthly premium will be approximately \$296, an increase of around \$24 a month. This is an average based upon a number of factors.

III. Public Comments

The Consumer Advocate has received 29 comments and concerns directly from policyholders or members of the public. Like most who are subject to proposed rate increases, the comments focused on

affordability. Due to the length of time Wellmark has offered individual policies, many of these policyholders have seen steady increases from their Wellmark plans over the years. These affected Wellmark pools have been receiving rate increases every year to every other year which has led to some premiums ballooning from their original rates and an overall rate increase fatigue. One policyholder commented:

“Due to the pandemic we cannot afford a rate increase!!!!!!”

Another commented:

“8.7 percent rate increase!!!!!! Yikes!!! When is it going to stop?? With everything going on with Covid 19 right now, who can afford this increase? I work for a small business that does not pay any of my health insurance. Just for me, I am paying around \$900.00 a month. They take out around \$200.00 a week out of my check. Not much left to live on. Ridiculous..... I rarely use my insurance. They raise this every year. How about a year where it is not increased. HELP Iowa Insurance Commissioner!!! We need you to stand up for us and not let Wellmark raise the rates. Wellmark will survive.”

IV. Summary

The actuarial summaries show that without a rate increase for calendar year 2021, the IID projects a loss ratio over 95%. The comments received and posted by today's date have been included in this testimony report as required by the Iowa Code section 505.19(3). However, comments may continue to be received until the Commissioner makes the final decision on the proposed rate increase. Any additional comments received prior to the Commissioner's decision, but after the presentation of the consumer testimony, will be recorded on the public rate hearing site.

Kellykay K.– Sac City– July 1, 2020

This has got to STOP! We pay more for insurance than our house and vehicle payments are a month added together. This is a joke and this is why people don't have insurance! It just went up in January which was enough to now make us broke on a mo they bases. There should be a law against these large increases. Going up 100 a month or more is bullshit people can't afford to live like this. Mine started off at 600 and now it's over a grand a month. Maybe some of the executives should take a decrease in pay to save money not rip off the middle class. Especially with not working due to covid. We can't afford what we are paying now. Not fair.

Jonathan H. - Denison - July 5, 2020

The request to raise premiums by an outlandish annual rate over 5% continues to drive out health care prices beyond that of every other nation in the world. Our health care system is broken by unethical exponential rise in health care costs to consumers. The Wellmark Health Plan of Iowa is just another offender capitalizing on the lack of true competition in our state's market for health insurance providers. During this time of national crisis I have seen from both sides that insurance companies are unfairly taking advantage of both consumers and health care providers by restructuring contracts with both consumers and care provides in an effort to minimize costs at the expense of ordinary hard working Americans. It is an absolute travesty and represents in my opinion unethical business practice to continue this abuse of power through an essential monopoly over the health care system. The reliance on health insurance creates a medical market where individuals cannot afford not to have insurance and can neither afford to pay for their insurance coverage premiums. The long and atrocious suffering of American citizens at the hands of health insurance companies must stop. We as a nation demand improvement in the health care system to better protect the hard working Americans and lowans who continue to be exploited by large national insurance companies that see only dollar signs. There is no justice in allowing an outrageous increase in health care premiums year after year we are breaking the backs of our citizens and leaving them at the mercy of greedy and powerful insurance companies. I beseech you to halt the assault on average citizens and prevent a premium rate increase over 3-4% (why not maintain a rate increase that closely matches rates if inflation) We are allowing large insurance companies to slowly suffocate our great state at the strangle hold of large insurance companies with health care premiums serving as a weapon against average lowans especially during this time of national and statewide pandemic which has already left so many in a vulnerable financial position. To allow these kinds of continued abuses by health care insurances represents an injustice the the citizens served by the courts of Iowa, and I call for all citizens and all human beings and all lowans to rally against this abuse of power, and I hope that we can recognize the greedy business tactic that this rate increase is; reject this request for continued abuse of power and act as any wise business entity would with negotiation to drive down premium increases and return a balance of justice to the individuals and groups served by our health plans in Iowa. Thank you.

John G. - Spencer - July 6, 2020

I encourage the Iowa Insurance Commissioner to DENY any increase in base premiums. The factor presented "Medical Trend 11.6% increase" does not justify an increase in health insurance premiums at all. The Social Security Administration just announced a 1.6% cost-of-living adjustment for 2020. The medical community spends like sailors on leave. Letting the insurance companies raise their rates so much will do nothing but encourage the entire medical community to continue living lavishly. And these notices of proposed rate increases come every chance they get.

Bekim D. - Springbrook - July 6, 2020

I am strongly against any more increases. We have had increases for over 5+ years and not marginal cost of living increases but substantial increases over 4%. The rate and size of increases is trending towards extortion rates. 100% against increase.

William S. - Grimes - July 6, 2020

I am horrified that in light of the COVID-19 global pandemic that Wellmark would request this type of rate increase with unemployment rates off the charts, small businesses are struggling , if not closing completely. Perhaps you should consider staff reduction or management pay cuts to fund 2021 instead of always asking the consumer to bear the burden. Can you show what you are doing internally to control costs? Probably not.

Jenny C. - Iowa - July 8, 2020

I do not agree with them, and I feel like we need to stop it. And so, I want to be on record against this increase approval. My comment is that really, if this doesn't get stopped, Wellmark needs to get under control on their own business, and I believe that the Iowa Insurance Division and the commissioner need to speak up for us. And if they don't, then your office is a joke, or they're invalid. There is no good reason to allow them to continue to raise premiums for people who are paying individual pricing for policies. Again, it's a joke if we have to continue to expect that you're going to pass this. There is no reason that we have to pay these types of premiums when we don't use the policies, or minimal use of the policies. That was never taken into account, and it is hugely like another house payment or more. So I do hope you hear my complaint and make a vote that reflects what I'm saying, at least just in some way and some point that you deny wellmark's approval for this huge increase. I believe they should get no money for an increase. Zero percent. So, please work on my behalf if you would, please. Thank you.

Phil S. - Panama - July 8, 2020

I do not think there should be an 8.7% increase for Wellmark health insurance. I am a farmer and cattle producer and my income has fallen a lot in the last few years. This every year increase is starting to bite. My premium is about \$1100 a month for just me. Another \$100 a month is going to get old real fast. Do what you can to stabilize this thing.

Justin W. - Sioux City - July 9, 2020

I just received my base premium rate increase of 8.7% due to higher cost by policyholders in my class. I believe that rate could be adjusted to a more affordable rate. I am a person that is fairly healthy, if the rate increase is due to the Covid-19 they should try and collect another way. I have worked through the pandemic thus far and have not received anything extra, I am a part of a small family business that did not request anything that would require to be paid back, lucky enough to be a part of a business that can sustain through this.

Raymond S. - Pocahontas - July 10, 2020

Our premium for our Wellmark Blue Cross & Blue Shield of Iowa is unaffordable. Every year our premiums go up but our income does not go up. Our premiums are more than a typical yearly salary. As self-employed farmers, we have been hit with low grain prices, the economic Covid impact and now higher

health insurance premiums AGAIN. Our premiums are horrific and we cannot afford to continue to pay our premiums now, let alone if they go up another 8.7 percent. We are already at a high deductible and have nowhere to go in order to save money on our health insurance. Please think about the individuals at this public hearing and deny this base premium rate increase, for the sake of lowans. Thank you.

Donna S. - Pocahontas - July 10, 2020

Please deny this proposed base premium rate increase of 8.7 percent. We are self-employed and our health insurance premiums are outrageous. Last year, we paid twice as much in health insurance premiums then we did on food and groceries for our family. That doesn't make sense. The 8.7 percent increase out paces the wage increase and the rate of inflation. We are farmers and have been hit with continuous low grain prices, the economic Covid impact and now possible higher health insurance premiums AGAIN. The premiums continue to rise but never go down and we already are at a high family deductible and have nowhere to go to save in premiums. Please think about the individuals at this public hearing and deny this base premium rate increase, for the sake of lowans and our communities. Thank you.

Kimberly A. - Elkhorn - July 10, 2020

Comments: Who has followed up on last years rate increase of over 14%. Did this so called medical trend happen? How about the years prior to 2019, has anyone followed up on those increases of double digit percent predicted by the crystal ball medical trends predictor? How about looking into the administrative costs? What is the job of the Iowa Insurance Commissioner? Publish your findings so everyone can easily find this information!! Get it to the public. What is the trend of average income of all who pay insurance? Who is looking into this place of service coding 131 and 22 and others used medical facilities so insurance companies doesn't have to pay the clams? But yet, this information on place of service coding will not be discussed by insurance companies and medical facilities until after claims are filed.

Duska N. - Vinton - July 10, 2020

My husband and I own our own business Neve's PFC, my husband installs flooring, and I am not working. We already have to pay out right for our Wellmark BCBS because neither one of us work for a company that provides it. We pay \$1256.15 a month, just for the two of us. Neither one of us go to the Doctor very much we are both pretty healthy. I am 56 and he will be 58 in September. The premium is taking a big chunk out of our earnings, we don't know how we are going to be able to keep paying the price. It just keeps getting higher and higher, but we know BCBS is the best insurance to have and we need to have it just in case something does happen to us. Please do not increase the health insurance so we can afford our premiums. Thank You.

Lynette W. - Dubuque - July 12, 2020

Every single year you allow this company to increase their rates much higher than the rate of inflation. 8.7% is too much because every year we get older they also tack on another 4-5%. Our increases every year for years has been 12-13%. I hope you make the correct decision and cut this increase to the inflation rate. Our government tells us 1-2%.

Brett G. - Albion - July 12, 2020

I have watched my premium grossly rise for the last several years & as a private business owner, i don't know how much longer I can stand the increases... This has to stop/slow down!!! I cant even switch groups

to a higher deductible for fear of preexisting clauses.... For a medical facility to charge my insurance co. \$400 for a 5 minute 'virtual' visit, aka phone call, is crazy.. I don't want to see a dr. when sick now, i don't, want to pay my premium... i feel completely numb.... I've been a sucessfull farmer for 30 plus years and have never felt like someone took advantage of me so badly...This whole industry stinks worse then the hog confinements that litter our countryside.. Someone do the right thing and make the necessary changes for the good of all of us!!!!

James B - Waterloo - July 13, 2020

I object.

Megan P. - Treynor - July 15, 2020

My husband and I are long time members of Wellmark Blue Cross and Blue Shield of Iowa. We hardly ever use our insurance. However, every year we see a \$200 a month increase. Why are you making insurance unaffordable? We currently pay over \$1800 a month for health insurance....A MONTH!! I absolutely oppose another increase to our premiums. This is absolute highway robbery. How are we supposed to continue to provide for our family if we have to keep paying these insane premiums. Please, I beg you to not increase our premium again, we are already stretching to pay it as it is. We work really hard and we don't ask for assistance for anything. Please don't make health insurance an impossible reach for my family.

Patricia S. - Marcus - July 19, 2020

I do not feel it is fair to raise health insurance rates on policy holders who "rarely" use the health care system. I feel there should be some basis or look back that shows the expense of my policy for years and what I actually use in any given year. I feel that especially now with the pandemic we are paying for all of those who don't pay or don't even have any insurance. Also, I would love to see what the salary of the CEO's or other heads of the company are being paid. Is that public knowledge?? I know of an individual who worked for BC/BS in another state and was able to retire at "45"! Seriously?? I am grateful to have insurance but the premium I pay seems excessive!

Lisa F. - LeMARS - July 22, 2020

When we started my son's medical insurance plan 12 years ago when he was born, we were told his premium would maintain at \$99 a month until he is 18 years of age as long as he was born healthy. Guess what, he was and still is. However, every year we get this lovely letter in the mail that states you once again want to raise rates. We are almost spending \$300 a month for his plan- for a 12 year old boy. His policy allows him to have a baby for crying out loud! Something he will never use- obviously. We bought his plan pre-Obamacare (or whatever you want to call it these days) and because of that have been punished every year since. We are "grandfathered in" and if we make any changes it can mess with his current policy and benefits. Nice. Do you realize we are in the middle of a pandemic? Do you realize that working parents were having struggles making ends meet before the pandemic and even more so now? So, you want to punish responsible working parents who have insurance on their children? I guess I could just up and quit my job and let the government do that through Title 19, but you see we don't. We planned for him and we work hard to provide for him. You are making that more and more difficult every year with proposed rate increases (which you always increase!) Enough is enough. Give people a break. Find other ways to save a buck other than taking it out on your customers. My vote is NO MORE INCREASES!

Jon M. - Nichols - July 22, 2020

Can anyone ever absorb any costs but the consumer? You are single handedly trying to break a private citizen with premiums! Something needs done and NOW! The lazy politicians won't do it, so someone should start the ball rolling! The more the premiums go up the more people you will lose! I imagine this comment will get swept under the rug as always, but someone has to say something!

Kathy H. - Walnut - Date Unknown

First off - I don't smoke, I don't drink. I walk 4 miles a day and am vegetarian - never quit and take care of myself and I'm proud of it! But yet I get penalized for being healthy - you keep upping the premiums - I don't use my health insurance (only once for a knee injury). I never even get a pop on my heart exam because it costs even with my health insurance. Don't go to the doctor - I am myself the doctor. Can't afford your insurance if it keeps going up. If it goes up again - I'll cancel. I'm very healthy + should get a discount for not using it. Quit hurting the coverage for & I get \$600 a month - I have to clean houses to make ends meet. Time to quit being greedy!

Diane P. - Sloan - July 22nd, 2020

I'm against this rate increase, with everything going on, people getting laid off or people not having a job. I don't think the rate increase is necessary by that much. Mine would show up \$29.39 per month, and over a year's time that figures out to be \$353 dollars or much. And I believe that is not necessary. It'll probably go up anyway, because it doesn't seem like the people have a choice of whether it goes up or not. But I'm against it. Thank you. Goodbye.

Diana - Des Moines - July 29th, 2020

8.7 percent rate increase!!!!!! Yikes!!! When is it going to stop?? With everything going on with Covid 19 right now, who can afford this increase? I work for a small business that does not pay any of my health insurance. Just for me, I am paying around \$900.00 a month. They take out around \$200.00 a week out of my check. Not much left to live on. Ridiculous..... I rarely use my insurance. They raise this every year. How about a year where it is not increased. HELP Iowa Insurance Commissioner!!! We need you to stand up for us and not let Wellmark raise the rates. Wellmark will survive.

Leesa Lester - Creston - July 29th, 2020

My husband and I both work, however, at \$1100+ already a month for Wellmark Blue Cross and Blue Shield, it takes a whole paycheck of his + \$200 out of one of mine just to pay for the insurance each month! Luckily we are both still working through this pandemic to afford the insurance, otherwise we would be like so many others without! I feel though it is absurd we are going to pay ANOTHER 11.6% INCREASE for next year. At this rate, we will have to give it up and find another cheaper insurance carrier! Do you have recommendations? We have been with BCBS for 7 years and every year we get stuck with huge increases! My pay raise in July was 4%, normally it's 2 or 3. Doesn't cover an 11.6% INCREASE! Please STOP the INCREASES for a year so we can put money back into the economy and NOT the pockets of BCBS!

Carol O. - Sumner - July 26th, 2020

I am writing to plead with you not to allow Wellmark Blue Cross and Blue Shield the 8.7% increase in insurance premium rates. The insureds have endured many years of increased rates and cannot afford another increase. Please don't rubber stamp their request. Almost every other company and organization in this country is cutting their budget. They are laying people off and freezing or reducing salaries of executives. Has Wellmark?

Please realize that their customers cannot pay a higher premium. They are responsible citizens paying for their own insurance. They are not expecting the government to cover their health insurance or health care costs. Don't let Wellmark take any more dollars away from their customers' food and housing budget.

Again, I ask you not to allow the requested increase or at least allow them a smaller percentage but not the full percentage requested. I welcome the opportunity to speak with you further if you have questions.

Donna R. - Council Bluffs - August 6th 2020

Another insurance premium increase? I already pay \$1383 per month for just myself/single policy. This is ridiculous! The insurance companies have us where they want us! I am one and one half years before medicare. I am living on my social security because of retirement at 63 because of cancer. This year the Covid lifestyle and worry is beyond anyone's wildest dreams. Wellmark is asking for a 11.6% increase plus .6% admin expenses and erhaps a government fee reinstated of 3.5%. This is ridiculous! Please vote to deny this HUGE increase. This along with the COVID scare is more than most can handle. I pray you will listen to us! Thank You.

Angie E. - Marshalltown - August 5th 2020

I have been a wellmark bcbs member for YEARS, whether it be through my employer (group) plan or an individual policy. My husband and I have had our individual policy since 2008. He is a small business co-owner with his father with only 4 employees total (this includes them). Every single year our premiums go up, so to make it more affordable we would increase our deductible. Well there came a time when that wasn't an option as we had already reached the top limit. So we had no choice BUT to pay. The OBAMA care plans were more expensive yet less coverage. So yet again NO OTHER OPTION. We are a middle class family with 3 children and it's pretty much reached the point of UNAFFORDABLE! Seriously when is enough enough! I have rheumatoid arthritis and a thyroid condition (both of which are under control) , but I obviously need health care. Please find another way besides continuing to raise premiums at the rate you are. 10-12 % is beyond extreme when we are already paying close to \$1000 per month!!!!

Thank you for your time!!

Jeffrey A. - Council Bluffs - August 8, 2020

Due to the pandemic we can not afford a rate increase!!!!!!

Noma W. - Ottumwa - August 11, 2020

I understand there continue to be rising costs for everyone. However, Wellmark spends money advertising and giving donations. I would like to be able to donate money to good causes too. Unfortunately, my paycheck doesn't have an annual cost of living increase, so even though my expenses go up, I don't have a magic wand I can waive and ask for more money. During this time of health crisis, I would suggest that Wellmark tighten its belt, stop donating and advertising; and see what they can afford to do without. I guarantee that is what Wellmark customers are doing right now. Please deny any increase in rates.

Ashleigh- DeWitt - August 18, 2020

I received a letter regarding rate increases for my Wellmark Health Plan of Iowa. The letter discusses a possible increase of 8.7% on premiums. While I understand there are cost increases due to the use of insurance. But isn't this the reason we have health insurance? We have insurance so we can use it when needed for health reasons. I do not want to see an increase in my monthly premium as I rarely use my insurance, it has gone up greatly each year since Obamacare (ACA) was enacted and I do not get a raise at work every year. When everything including health insurance increases each year it becomes difficult to pay each bill monthly as my pay does not increase at the rate my health insurance does. Health insurance should be like car insurance. If you use your plan excessively your rates go up. Not the rates of every person who has a similar plan. Please have consideration for the average person when making this decision. We already struggle with paying monthly bills since every business and our government thinks the solution is to raise rates but with COVID and the derecho that blew through Iowa August 10 we Iowans in particular are struggling more than ever. These two instances on top of everything else is making it difficult to get through everything and make sure we cover all of our bills. I ask for our premiums to not increase this year or excessively in years to come. Thank you for listening to me and I look forward to your decision.