

Public Testimony and Comments
Regarding the 2022 Proposed Pre-ACA
Wellmark, Incorporated
Rate Increase

For Consideration by Commissioner Doug Ommen, Insurance Division of Iowa

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August 23, 2021

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 2021 that Wellmark, Inc. was seeking a proposed average rate increase of 4.7%. The 4.7% increase varies between plans with a low of 3.6% and a high of 5.9%. The 4.7% average increase applies to various blocks of business exhibiting current loss ratios exceeding 80%. All of the plans affected are either grandfathered plans or transitional plans for a total of 38,000 Iowa-covered lives. The proposed rate increase would become effective January 1, 2022, if approved. As the amount proposed exceeded the most current average annual health spending growth rate of 5.4%, the Consumer Advocate solicited comments regarding the proposed increase.

II. Actuarial Review

Two separate and independent reviews are conducted to confirm the carrier's rate change proposal. An internal review is conducted by the Iowa Insurance Division's health team (which includes an actuary) and another review is independently conducted by a consulting actuary (of our choosing) on a contracted basis. The dual review system has been in place for 13-years.

For any medical insurance rate change proposal, the review involves analyzing the carrier's experience (premiums vs. claims), trend (the growth in the cost of the claims caused by unit cost increases along with utilization increases), and other assumptions to determine if the rate change proposal is actuarially justified. Both rate review teams employ technically sophisticated processes and algorithms as well as utilizing forecasting models and scenario testing to gauge the validity and reasonableness of the proposal. The type of analysis utilized, the formulas and methodology, and overall process have developed over a period of many years and have been reviewed by other consulting actuaries for completeness and appropriateness.

The state of Iowa is also considered to have an Effective Rate Review (ERR) program in place by the Centers for Medicare & Medicaid Services (CMS). Along with the ERR designation by CMS as well as the process previously described (which predates ERR), the public should be confident that any decision rendered after this hearing was thoroughly vetted by multiple parties.

Using the actuarial process described, the actuarial teams found the following:

- Past loss ratios for this block have averaged around 85 percent over the last 7-years.
- In the absence of a rate increase for calendar year 2022, the IID projects loss ratios in the range of 86 to 88 percent depending on the experience base utilized, i.e., 1-yr vs. 2-yrs. vs. 3-yrs, etc.

- IID trend models justify a trend growth rate of at least 7 percent based upon a review of the PMPM claims and adjusted calendar year loss ratios.
- With the high current loss ratios and the consistent growth of claims, the IID’s 2022 projected loss ratios range from 82 to 84 percent after the 4.74% rate increase is implemented.
- After adjustments are made to account for taxes, license, and fees in the federally prescribed medical loss ratio (MLR) formula – the 2022 projected MLR ranges from 86 to 88 percent after the increase is implemented. (This is achieved using a minimum trend rate – a higher trend rate is justified)

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.

- The average premium increase is around \$25/ month, i.e., \$557 (2022 projected average premium) less \$532 (current average premium). This is an average based upon all members, all age groups, all benefit plans, all geographic regions, etc.

Public Comments

The Consumer Advocate has received 29 comments from policyholders and 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:

“I am extremely frustrated by the cost of insurance. My husband & I pay \$1456.95 each month - that's over \$17,000 a year for our coverage. Neither of us take prescription meds or have any health conditions. EVERY year our insurance has a HUGE increase - from 2020 to 2021, our monthly premiums increased \$156.50 per month. We both have our own small businesses so we pay the entire amount. We have both felt a huge financial impact over the last 2 years due to COVID & would love to see a DECREASE in our premiums. There has to be some DRASTIC CHANGES made. I am tired of paying for everyone else's poor health. We should be rewarded for having excellent health! We both make a concerted effort to stay healthy - what can you do as a company to reward us?”

III. Summary

The actuarial summaries show without the rate increase requested Wellmark is facing a possible medical loss ratio of between 86 and 88%.

The comments received and posted by August 23, 2021, 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 before the Commissioner’s decision, but after the presentation of the consumer testimony, will be recorded on the public rate hearing site.

Attachment A: Wellmark, Inc. 2022 Proposed Rate Increase Comments*

J. M. - Grinnell - August 23, 2021

Rate hikes on health care, at a time like this especially, are disgusting.

Norma I. - Muscatine - August 20, 2021

This is getting ridiculous. We already pay \$183.58 per week. That's already \$9,546.16 a year and you want us to pay even more. Not to mention this is just the premium and I'm still paying \$48 per office visit. I had to pay over \$200 for an ultrasound I needed. We are already paying in more than what we are getting in return. Since when has medical insurance companies become for profit businesses??

Nick H. - Ames - August 19, 2021

Without warranted stated reasons (other than lining the pockets of shareholders and administrators) for a massive increase in premiums, Wellmark should be prevented from such an increase. The welfare of our community depends on it.

Donovan B. - Fairfield - August 18, 2021

Despite solid revenues during the COVID-19 pandemic, Wellmark Blue Cross Blue Shield is proposing upwards of a 21% premium increase for their ACA individual plans for 2022. These skyrocketing increases impact nearly 60,000 Iowans who rely on these plans. UnitedHealthcare has their own proposal to increase rates by upwards of 25%! It's up to the Iowa Insurance Division to step in and deny their proposed premium increases.

Thank you

Mary M. - Iowa City - August 18, 2021

I am writing to ask that the Iowa Insurance Division DENY Wellmark's request for a rate increase. This request has not been justified to the satisfaction of the individuals who will be forced to undergo further hardship. Doug Ommen must say NO.

Linda S. - Newton - August 18, 2021

No one can afford a 21% increase. You can keep this from happening!

Tom S. - Des Moines - August 18, 2021

Please deny this viperous, soulless corporation its latest rate increase request. How much is enough?

Thank you

Jon M. - Nichols - August 17, 2021

Once again its very disgusting how us individuals keep getting terrible rate increases! Something needs done about this,i pay over 16000 dollars a year! I really don't want to go broke paying these ridiculous premiums! Make cuts somewhere else!

Gail B. - Mt. Vernon - August 17, 2021

I don't get why insurance companies get to pay off their share holders with my money, when I'm on a limited income. Raising rates doesn't benefit any insured individual. Stock holders, yeah. Get tired of those guys. Please don't allow BCBS of Iowa to raise their rates. Have them learn to budget like the rest of us.

Jacquelyn S. - West Des Moines - August 16, 2021

The CEO gets huge wage increase each year while I get Hugh raised cost of my supplement insurance with Well mark or I say Walmart.

The charge way too much.

Mindy K. - Cedar Rapids - August 16, 2021

Please stand with Iowans like myself who live on a budget and deny this proposed increase. Wellmark earned solid revenues. They're doing just fine. Some of us would not be if our premiums were raised. Thanks for your consideration.

Jessica - Des Moines - August 13, 2021

I currently have Wellmark Blue Cross Blue shield, and this increase would increase my healthcare to where I would no longer be able to cover the premiums and would no longer be able to have health insurance, which would be more of a burden on the already overtaxed healthcare system. Please do not increase the premiums and create even more problems to an already flawed healthcare coverage system!

Brian - Woolstock - August 13, 2021

I'm calling to let you know of my displeasure of going ahead and raising my health insurance rates for like the 15th year in a row. It's about time to say NO for a change to big companies where they just kind of push us little people around. I just think that it's about time to say no for ONCE. Would you please do that?

It's getting atrocious about what's going on. Every year it's 8, 5, 6, 10%, it just goes on and on and on. It's time that something needs to change and say we've had enough. I've called and called and called in previous years and it seems like that my opinion is not even being heard.

It's about time something is done because BlueCross BlueShield is a publicly traded company, and they are sometimes raising their rates just to show profit to their shareholders. I think that is WRONG. So, it's about time something else is done to go ahead and tell the companies that enough is enough. Maybe there needs to be less wages paid to their top executives to help us little people out here in the country help pay our bills.

PLEASE, listen to my message. Do something other than just giving them their increases.

I'm getting fed up with it. I am a BlueCross BlueShield subscriber and this has just gone on long enough. It's time that something is done to go ahead and say about time to do some slim-trimming on their part.

I don't go to the doctor much, but I still have to have health insurance. I am a self-employed person and it's just getting tougher and tougher every year. If you could, PLEASE say no.

Karen - Floyd - August 10, 2021

You're greed knows no bounds! How do you sleep at night! This needs to stop!

Cory - West Des Moines - August 9, 2021

I pay more to Wallmark every year than I utilize in medical costs for me and my family. With the amount of profit made by the medical insurance industry, there is no reason for another hike in rates like this. As if we didn't have enough reason to begin with, this is exactly the reason why we need Medicare for all. Go ahead and raise rates again and show the American people why insurance in the private sector, and the greed that comes along with it, needs to go.

David - Glenwood - August 9, 2021

Please control price increases.

Jane - Ankeny - August 9, 2021

I can't afford to pay a 22% increase in my medical bills. Please deny Wellmark's request but hold them accountable to provide quality care.

Monica - Iowa City - August 9, 2021

Please Do Not approve the rate hike for BC BS. This is far too great of an increase at one time and it will put in jeopardy many Iowans who are already struggling to pay rent and utilities and feed their families. Also, if more people are not able to continue their insurance all the people of Iowa will be paying as we support our state run hospitals. This is a burden on our state. Do Not allow this premium increase to be approved. Thank you.

Jacquelyn - West Des Moines - August 9, 2021

I feel your investment have made money. You should only increase rates less than yearly inflation. Yes insurance is important but you are pricing yourself out of business. Be kind to humans. You advertise as a non profit. ????

Sally - Des Moines - August 9, 2021

A 21% increase in premiums at a time of a pandemic is unconscionable. You should reject Wellmark Blue Cross and Blue Shields efforts to increase premiums.

Mark - Kingsley - August 6, 2021

As I send my inquiry into how a business can each year ask for and receive a rate increase, I am not holding my breath as to getting a response. This has been going on how many years. Please have someone address the situation of rising healthcare costs and insurance companies continually getting a rate increase for their product yet the premium paid by small businesses and/or individuals never receive that type of increase for their products or services. When is the last time a rate increase has ever been denied?

Kevin - Omaha, NE - August 2, 2021

I have had this policy through BCBS for 12-15 years and the premiums started out at \$110 a month. My rates have increased from \$110 to over \$500 a month. This is the first time I have publicly commented on this. I have been told by a retired agent not to give up this policy, but raising the rates is above and beyond the amount they should increase. We should by pass this year due to COVID. The Commissioner has a responsibility to not raise the rates which will help people down the road.

Renee - Waterloo - July 24, 2021

We've had this Wellmark Blue Cross Blue Shield policy since 2008. The increases the last few years have been horrendous with last year being the worst ever. We will pay \$14,440.20 for health insurance in 2021. When this policy started in 2008, it was \$3,477.00 for the year. There should not be an increase at all with how much it was last year. The monthly premiums have been as follows:

2008-\$289.75

2009-\$314.65

2010-\$373.55

2011-\$406.25

2012-\$445.15

2013-\$500.45

2014-\$528.95

2015-\$565.05
2016-\$692.05
2017-\$737.85
2018-\$813.75
2019-\$913.65
2020-\$1040.55
2021-\$1203.35

Carol - Sumner - July 24, 2021

Please do not give Wellmark the entire increase they are asking for. Please hold them accountable to try to reduce their costs. I understand that medical costs have increased. I am a HSA holder so Wellmark doesn't pay my claims. I don't reach my deductible; however, I continue to have huge increases in my premiums. I understand about statistics and the pool of insureds you are put into to. There still has to be a way to keep the premiums down for people on HSA's with high deductibles. Trust me. HSA insureds are careful about not testing or spending un-necessarily. We are doing our part. We cannot afford a 5.9% increase. We are already paying a huge portion of our salary to health insurance premiums. Please consider a smaller percentage increase, and let Wellmark do what every other company has done - find a way to reduce spending. If they had more competition, I'm thinking they'd find a way to streamline the bottom line. Thank you for your time.

Ryan S. - Sheldon - June 30, 2021

Continuing to raise premiums while the company continues to boast very healthy profits every quarter is inappropriate. Our income doesn't go up by 11% every year and neither should health insurance. It is absurd that health insurance costs more than housing and groceries often combined.

Carol S. - Atlantic - June 25, 2021

I don't think the insurance company needs that kind of an increase, especially since last year no procedures were being done because of Covid. Social Security does not get that amount of increase. They need to cut expenses somewhere but not expect the individual to keep paying more each year. When do individuals get a break? I understand people want raises and bonuses but when do the elderly get that? I don't know why you say we can leave our comments when the comments go unheard., Year after year.

I really hope the Iowa insurance commissioner takes all of our comments to heart this year. As procedures were not done last year because of Covid so expenses should not have increased.

Thanks for reading my comments.

Carol, who LOOSES money each year!!

Steven B. - Marengo - June 23, 2021

On the request for a base premium rate for Wellmark Blue Cross Blue Shield of Iowa “You say NO!” Get these rates lower! So people can afford health insurance. I beg you say no!! My health insurance is already very expensive. And me as all Iowans are fed up with these very high rates. Already Iowans lost their health insurance because it is too expensive. Please listen to me!

Leanne S. - Riverside - June 22, 2021

I am extremely frustrated by the cost of insurance. My husband & I pay \$1456.95 each month - that's over \$17,000 a year for our coverage. Neither of us take prescription meds or have any health conditions. EVERY year our insurance has a HUGE increase - from 2020 to 2021, our monthly premiums increased \$156.50 per month. We both have our own small businesses so we pay the entire amount. We have both felt a huge financial impact over the last 2 years due to COVID & would love to see a DECREASE in our premiums. There has to be some DRASTIC CHANGES made. I am tired of paying for everyone else's poor health. We should be rewarded for having excellent health! We both make a concerted effort to stay healthy - what can you do as a company to reward us?

Mendy R. - Creston - June 21, 2021

I am writing to you in regards of you wanting to increase my premium rates. I am now on Medicare and on a fixed income. How are people supposed to be able to afford health insurance when you want to keep raising our premiums? You need to look at other ways instead of increasing our premiums. Please, oh my ...

P.S. I only go to the doctor when I am dieing. So please keep my premiums down low.

*Comments are placed under the health coverage denoted by the consumer.