

BEFORE THE IOWA INSURANCE DIVISION

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 IN RE: :  
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 WELLMARK RATE INCREASE : Public Hearing  
 :  
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Room 102  
 Iowa State Capitol Building  
 Des Moines, Iowa  
 Saturday, December 18, 2010

Met, pursuant to notice, at 10:00 a.m.

BEFORE: SUSAN E. VOSS, Insurance Commissioner

Also Present: ANGEL ROBINSON  
 Consumer Advocate  
 Iowa Insurance Division  
 330 Maple Street  
 Des Moines, Iowa 50319

KELLI M. MULCAHY - CERTIFIED SHORTHAND REPORTER

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P R O C E E D I N G S

1  
2 COMMISSIONER VOSS: First of all, welcome to  
3 this hearing. My name is Susan Voss. I'm the Iowa  
4 Insurance Commissioner. And this is Angel Robinson.  
5 She's our Consumer Advocate in the office.

6 I appreciate you coming today. Before we  
7 get going, I wanted to kind of give you a little  
8 background of what's going to happen today and why  
9 we're here.

10 This past legislative session, the  
11 legislature passed a new law that--requiring when a  
12 health insurance carrier requests a rate increase  
13 that is higher than the medical inflation rate, which  
14 currently the federal government has set at 6.1  
15 percent, the Division is required to have a public  
16 hearing and receive public comment on the rate.

17 In addition to that, the Division has an  
18 in-house actuary who reviews the rate, and also the  
19 information is sent to a third-party actuary that has  
20 no interaction with the carrier that is being  
21 reviewed. So at the time that we're doing these  
22 hearings, we also have two different actuaries  
23 reviewing the rates separately and distinctly.

24 What's required under the law is that at the  
25 time that the proposed rate increase goes out to the

1 insured, to the enrollees, they also have the notice  
2 of this hearing. Now, the notice that went out from  
3 Wellmark noticed a hearing on January 6th in the  
4 middle of the day, and, upon consultation in the  
5 office, we felt that that probably wasn't a very  
6 conducive time for many consumers to come and provide  
7 us public comment on the rates.

8           So today we are having this additional rate  
9 public hearing. This is a little unusual. I don't  
10 think in the future you'll see us have multiple.  
11 We'll try to have the original hearing as noticed by  
12 the carrier at a time that is more convenient for  
13 consumers.

14           So I appreciate those of you who came today  
15 and apologize for the mix-up on having one on January  
16 6th. It's merely not a very conducive time.

17           We did allow for people to make comments to  
18 the Consumer Advocate, and at the January 6th hearing  
19 Angel will be presenting to me all of the comments  
20 and information she's received from the public, and  
21 other people can certainly make comments at that  
22 time.

23           At some time after those public hearings are  
24 concluded, we will receive--I will receive  
25 information from our in-house life and health actuary

1 on the proposed rate and then from the independent  
2 actuary on the proposed rate. It's very possible  
3 that, based on that information we receive, a number  
4 of things can happen.

5           Number one, both the actuaries can come back  
6 and say these rates are not justified based on  
7 actuarial guidelines and the laws of Iowa under our  
8 statutes. We could go back to the carrier and tell  
9 them either the rate is approved, the rate is denied  
10 and we suggest a rate of X, or simply the rate is  
11 fully denied.

12           If we deny the rate in total, the carrier  
13 can do one of two things. They can either request a  
14 hearing, at which time we would have a formal hearing  
15 on the rate as they presented it, or they can simply  
16 go back, reconfigure their rates, and file a new  
17 rate, at which point all of this whole process will  
18 take place again.

19           So a number of factors, things, could happen  
20 in the next few weeks to a month and, actually,  
21 longer depending on what happens between all of the  
22 actuaries, all the comments, and all the decisions  
23 that are made.

24           So I just want you to know that following  
25 this hearing and the hearing on January 6th, it's

1 very possible that a determination won't be made  
2 right away. Once a determination is made, whatever  
3 that is, then you would obviously--then the public  
4 would get notice of what the eventual rate is.

5           This is the first time we've had a public  
6 hearing, so as I said in a meeting in front of some  
7 legislators earlier this week, this is a new process.  
8 We may find that this is not the right way to do it.  
9 We may go back to the legislature, the administrative  
10 rules review committee, and ask them to change the  
11 process that we do.

12           So unfortunately, folks, you're kind of the  
13 guinea pigs for the first time we've ever done this.  
14 We're the first state in the nation to do something  
15 like this. Many states are now starting to do rate  
16 review hearings in a process similar to Iowa's, but  
17 we believe we're the first one to actually do  
18 anything like this. So, obviously, we're learning as  
19 we go along, so please bear with us.

20           I know some of you have asked to talk, and  
21 we appreciate the opportunity to hear from you. This  
22 hearing is scheduled from 10 to 1. I don't know how  
23 many people will want to speak, but, you know,  
24 certainly we'd like you to limit your comments if we  
25 think we're going to have a lot of people speak.

1           If you feel you have additional information  
2 you want to share with me or the Division, we're  
3 happy to take it. You can send it to our office or  
4 e-mail it to us, and we will take that into  
5 consideration. So I appreciate that.

6           Angel, do you have any opening remarks you  
7 want to make?

8           MS. ROBINSON: I would.

9           First, I would say thank you very much for  
10 coming today. I appreciate your participation in  
11 this process. I will be collecting all concerns and  
12 comments that I hear today to add them to my report  
13 that I will be issuing to the Commissioner on January  
14 6. So I thank you for being a part of that.

15           I would ask that if you speak today and if  
16 you've already talked to me before or submitted  
17 comments to me before to please let me know so that  
18 in my report I don't duplicate my consumers that have  
19 already commented.

20           Otherwise, I would also encourage you to  
21 seek me out after this meeting if you have any  
22 questions or concerns personally that you would like  
23 to discuss about your health care.

24           I have noticed over this process I've done a  
25 lot of counseling, and I understand that's probably

1 something that consumers would like to do on a more  
2 one-on-one basis. I have cards or I'd be more than  
3 happy to take time and do it today after the  
4 presentations.

5 Otherwise, thank you.

6 COMMISSIONER VOSS: Thank you. I don't have  
7 the sign-up sheet of people who wanted to talk. If  
8 you could get that.

9 Bruce Stone? Bruce?

10 MR. STONE: Here?

11 COMMISSIONER VOSS: Yes. Sure.

12 MR. STONE: Good morning. I'm here  
13 basically because I'm a customer of Blue Cross/Blue  
14 Shield as well as a liberal activist in the  
15 community.

16 I have watched this company over the last  
17 three years do its best to destroy my small business'  
18 financials with its rate increases that I consider to  
19 be obscene, and I want to talk a little bit about the  
20 facts that I think you should be looking at and the  
21 things that I think you are responsible for in this  
22 process that I'm not sure that you would agree with  
23 and that I want to make sure you understand that I,  
24 as a citizen, think you should be looking at.

25 Number one, when I go to your Web site, what

1 I see as the first tag line is "We give people  
2 permission to do business in the state of Iowa as an  
3 insurance carrier." I take that very seriously.  
4 That says to me that Blue Cross/Blue Shield Wellmark  
5 does not have a right to do business in the state of  
6 Iowa but instead is privileged to do business here.

7 I am also an MBA-holder and a long-time  
8 senior manager, so I know the difference between a  
9 standard business and an oligopoly and a monopoly.  
10 This company is demonstrably an oligopoly and  
11 certainly has monopolistic structures in place and is  
12 affecting the demand curve and the pricing in ways  
13 that are just abysmal and that your actuaries won't  
14 catch because they won't be looking for it.

15 They're also very sneaky. For instance,  
16 they have told you their new building, their edifice  
17 to greed at 1300 Grand, is somewhere between three  
18 and five hundred million dollars but it doesn't  
19 affect their rate increase formula at all.

20 And yet in the very documents they submitted  
21 to your department, their financials for this year,  
22 in a little footnote on page 43 of that document,  
23 they list 193 million and 293 million dollar--two  
24 securitized cash assets that they've had to place  
25 with their lender out of cash flow, out of

1 profitability this year.

2 I don't see how they do that, use those  
3 financial statements in their actuarial process and  
4 claim that that edifice to greed, that \$500 million  
5 boondoggle, is not being passed on to their  
6 consumers. It just belies common sense and economic  
7 thinking.

8 Finally, when I look at this process in  
9 general, I think you folks are missing the boat  
10 entirely. I don't think that you should be using the  
11 Medicare and/or the insurance rate of inflation as  
12 your measure. What you should be using is the rate  
13 of inflation in this geography for everybody in this  
14 state. That's one-half of 1 percent for the last 12  
15 months.

16 If you take that and you factor out the \$500  
17 million boondoggle they've got from their  
18 profitability and apply that one-half of 1 percent,  
19 these folks are entitled to about a \$12 million rate  
20 increase, and that's a rate increase I'd buy into for  
21 them. And I'll be happy to send you the formulation  
22 for that, if you'd like me to.

23 COMMISSIONER VOSS: Thank you.

24 MR. STONE: Finally, I would ask you, Madam  
25 Commissioner, to exercise your actual legislative

1 directive and say to these people if you're going to  
2 be involved in monopolistic practices, not only are  
3 we not going to give you a rate increase, but we're  
4 going to debar you from doing business in the state  
5 of Iowa unless you get below a 35 percent market  
6 share over the next 12 months. Because I think you  
7 should be in the trustbusting business, not the  
8 revenue-enhancing business for Blue Cross/Blue Shield  
9 Wellmark.

10 And that concludes my statement.

11 COMMISSIONER VOSS: Thank you.

12 DR. ADDY: Commissioner, real quick, can you  
13 make sure that these people in the back can hear?  
14 Can we be--

15 COMMISSIONER VOSS: Sure.

16 DR. ADDY: Can we do the acoustics before we  
17 start this meeting and--

18 COMMISSIONER VOSS: I'm sorry. Pardon?

19 DR. ADDY: Can you check the microphones so  
20 these people can hear?

21 MS. ROBINSON: The microphones-- We've  
22 contacted the Capitol. The microphones can't be  
23 turned on. That's something that they're working on.  
24 It's something that we requested, and, actually,  
25 that's one of the reasons why we're in this room,

1 but, unfortunately, they're not on, and the current  
2 staff at the Capitol on Saturday does not have access  
3 to--

4 DR. ADDY: Are you guys able to hear in the  
5 back?

6 MR. RAYMOND: It's fine, actually.

7 DR. ADDY: Okay. I just wanted to make  
8 sure--

9 COMMISSIONER VOSS: No. I appreciate that.

10 DR. ADDY: --it's a public meeting and  
11 everyone can hear.

12 COMMISSIONER VOSS: Thank you.

13 Mike Raymond? Mr. Raymond?

14 MR. RAYMOND: Do I have to come up there?

15 COMMISSIONER VOSS: You can--

16 MR. RAYMOND: All I have to say is I retired  
17 recently from the City of Des Moines after 33 years.  
18 I now draw IPERS, and half my IPERS goes to  
19 insurance. I don't know how many people realize  
20 that. But that's half my income goes to insurance.

21 That's all I need to say.

22 COMMISSIONER VOSS: Thank you.

23 Angel, I just have a question. Are we going  
24 to post on the Web our--the transcript from this?

25 MS. ROBINSON: Yes, if we're able to do so.

1 COMMISSIONER VOSS: Yeah. So people can  
2 have that.

3 MS. ROBINSON: But that won't be available  
4 until around the first of the year.

5 COMMISSIONER VOSS: Rebekah Maxwell. You're  
6 with--

7 MS. MAXWELL: Oh, no.

8 COMMISSIONER VOSS: --WHO. Are you going to  
9 speak?

10 MS. MAXWELL: I can ask questions but at a  
11 later time. I don't mean to insert myself.

12 COMMISSIONER VOSS: Oh, okay. Okay. Daniel  
13 Oswald. Mr. Oswald--

14 MS. OSWALD: No.

15 COMMISSIONER VOSS: --or Ms. Oswald? You're  
16 just here?

17 Okay. Geoffrey Stevens?

18 MR. STEVENS: Yeah.

19 COMMISSIONER VOSS: Yes, Mr. Stevens.

20 MR. STEVENS: I'd like to speak.

21 I just wanted to thank you for having this  
22 hearing so that the people can express their  
23 concerns.

24 I'm speaking on behalf of myself. I have  
25 multiple sclerosis. I belong to Blue Cross/Blue

1 Shield of Arizona. I know from my experience here  
2 with friends who have Wellmark, and the situation in  
3 Iowa is a lot different.

4 Blue Cross of Arizona has modest offices.  
5 The people are dedicated. My rates are a lot lower  
6 and more amenable to my conditions. And that's about  
7 all I can say from that perspective. It's just a  
8 personal observation.

9 COMMISSIONER VOSS: Okay.

10 MR. STEVENS: Thank you very much.

11 COMMISSIONER VOSS: Thank you. Thank you.

12 Ms. Dowd?

13 MS. DOWD: Good morning, Angel. I spoke  
14 with you at length.

15 MS. ROBINSON: Yes.

16 MS. DOWD: Did you submit my written  
17 comments?

18 COMMISSIONER VOSS: Yes, I have them.

19 MS. ROBINSON: Yes.

20 MS. DOWD: Okay. Otherwise-- So I won't  
21 belabor.

22 COMMISSIONER VOSS: Okay.

23 MS. DOWD: I don't want to be redundant.

24 Thank you very much for the opportunity to meet with  
25 you.

1 COMMISSIONER VOSS: Sure.

2 MS. DOWD: I think that this is a wonderful  
3 venue that the legislature has put together.

4 I paid particular attention to your quote in  
5 the newspaper on the 16th in which you indicated  
6 that, in spite of the angst of the consumer, you  
7 really had to deal with facts.

8 COMMISSIONER VOSS: I think they can't hear  
9 you.

10 UNIDENTIFIED VOICE: We can't hear now. Is  
11 that a speaker?

12 COMMISSIONER VOSS: They don't work. They  
13 don't work.

14 MS. DOWD: Okay. I was thanking Ms. Voss  
15 for the opportunity to speak in this venue, and it's  
16 wonderful that the legislature has created this  
17 venue, and I know that we're breaking ground. This  
18 is something new.

19 I know too that we are having this venue  
20 because the rate increase that was called for is  
21 exceeding the average annual health spending growth  
22 rate stated in the most recent national health  
23 expenditure project published by the Centers for  
24 Medicare & Medicaid Services; otherwise, we wouldn't  
25 be here. So already the rate is acknowledged as

1 being above a certain standard that would be  
2 acceptable.

3 I do not know what the rate increase is in  
4 the state of Iowa. I have no idea what health care  
5 costs--what is that rate. Do you discover that in  
6 your work study group or when do you find that?

7 COMMISSIONER VOSS: Well, actually, we are  
8 required now, on a yearly basis, to do a study, an  
9 independent study, of what are the cost drivers of  
10 health care and health insurance in the state of  
11 Iowa. We're just concluding that study.

12 MS. DOWD: Was that in November, I think,  
13 they called for that to be in--

14 COMMISSIONER VOSS: November 15th we've had  
15 our-- We've actually had our consultant have to go  
16 back and do some changes, so it has not been released  
17 yet.

18 MS. DOWD: Okay.

19 COMMISSIONER VOSS: The legislature chose  
20 the medical inflation rate. That was the  
21 legislature. I actually didn't. You know, that was  
22 kind of their thought as a benchmark of if anything  
23 above this which would be acceptable, then we should  
24 have a public hearing.

25 You should know that that inflation rate

1 could go up or could go down next year, so in January  
2 of 2011 we'll receive a new medical inflation rate  
3 number from the federal government.

4 MS. DOWD: So is the inflation rate, is that  
5 synonymous with health care costs?

6 COMMISSIONER VOSS: Yes. Yes.

7 MS. DOWD: Okay. So you do have the work  
8 study in November?

9 COMMISSIONER VOSS: Yes. And we should have  
10 it coming out here shortly. We just had to tweak  
11 some of the background information.

12 MS. DOWD: Okay. Because I pay careful  
13 attention to the Public File, what is it, 2021 that--

14 COMMISSIONER VOSS: Yes. I think that's  
15 what the senate file number was.

16 MS. DOWD: Right. And that's how I learned  
17 why we're here.

18 COMMISSIONER VOSS: Yes.

19 MS. DOWD: Because we're above that. Is it  
20 4.9?

21 COMMISSIONER VOSS: It's 6.1.

22 MS. DOWD: It's interesting, I thought it  
23 was--the federal government, for their grandfathered  
24 status formula, is using the 4.9.

25 COMMISSIONER VOSS: Okay. We took the one

1 from CMS's most recent report, which was 6.1.

2 MS. DOWD: Okay. I do know that Wellmark is  
3 using 4.9 in their formula for grandfathered status,  
4 so it seems to me that they arbitrarily choose to use  
5 certain factors and certain formulas and certain  
6 numbers.

7 What I would like to know, in your--in your  
8 comment in the newspaper, you stated quite clearly  
9 that, "In all practicality, I can't just say  
10 'Everybody's mad so you can't get your rate.'" And I  
11 understand that.

12 So while I do not discount the extreme  
13 emotional distress that the individual customers and  
14 payers are experiencing, they're sitting at their  
15 kitchen tables figuring out how to rob Peter to pay  
16 Paul to pay these premiums to remain responsible  
17 citizens of Iowa.

18 We have a population of individual customers  
19 with individual policies who have elected to remain  
20 responsible at great cost, not to become a part of  
21 the vast uninsured who burden--the hidden tax, as  
22 Sebelius said, that burden our system by seeking  
23 health care without health insurance, thereby passing  
24 those costs on to the citizens and raising premiums.  
25 These people are involved in cost containment at

1 great expense.

2           So not only-- It goes beyond being mad.  
3 It's beyond having the capability to pay now. They  
4 have been pressed with the one-two punch. Last year  
5 Wellmark got their 18 percent, well above this 6.9  
6 figure they're talking about. Now they're asking for  
7 an 11 percent. That's a one-two punch of 29 percent  
8 in two years.

9           This may have been a masterful strategy to  
10 roll it out in two years, make it more palatable. I  
11 have no idea. Their business design is brilliant,  
12 brilliant in terms of they're filling their coffers,  
13 believe me. They've got reserves, tons of reserves.

14           So you say that you look at actuarial  
15 reports. I would like to ask for some transparency  
16 in regard to what--who prepares these actuarial  
17 reports, who provides the information. Were these  
18 reviewed in your work study group? Who takes a look  
19 at these? Who determines-- And then who calls for  
20 an independent review?

21           COMMISSIONER VOSS: The independent review  
22 is by statute, and we have an actuary on staff who  
23 reviews-- All rates are to be prior approved in the  
24 individual market, and we have an actuary on staff  
25 who reviews those, who is licensed.

1 MS. DOWD: The information provided to you  
2 by Wellmark?

3 COMMISSIONER VOSS: By Wellmark.

4 MS. DOWD: Who is auditing the Wellmark  
5 report?

6 COMMISSIONER VOSS: And now we have an  
7 independent actuary that reviews it as well, and that  
8 started last year.

9 MS. DOWD: Who is the independent actuary  
10 and who pays him or her?

11 COMMISSIONER VOSS: We hire them. They  
12 cannot have any interaction with Wellmark doing any  
13 business with them. And then we bill Wellmark for  
14 all the costs of all these hearings and for the study  
15 itself. So we handle all of that independent review.

16 MS. DOWD: Is that by nature, with Wellmark  
17 paying, a conflict of interest?

18 COMMISSIONER VOSS: No. Because they're  
19 actually paying for the costs just like they pay for  
20 any other financial exam that the Division would do.

21 MS. DOWD: I do know that 46 million in  
22 grants has been handed out to help states crack down  
23 on unreasonable health insurance premium hikes by the  
24 federal government.

25 COMMISSIONER VOSS: Uh-huh.

1 MS. DOWD: Iowa is one of only four states  
2 that didn't subscribe to that plan. Please tell me  
3 why.

4 COMMISSIONER VOSS: Because we already had  
5 this new process in place and the other states did  
6 not.

7 MS. DOWD: It seems to me that other states  
8 really did but they're using--some of the states did  
9 but they're using these grants to help them work  
10 towards leveling unjustified health insurance premium  
11 hikes.

12 COMMISSIONER VOSS: Uh-huh.

13 MS. DOWD: I know that in 2011 the  
14 Affordable Care Act allows the Secretary of the  
15 United States Department of Health & Human Services  
16 to review justifications for unreasonable increases  
17 in premiums and make them public, so that means that  
18 we, as the citizens of Iowa, have an additional  
19 review process available to us in 2011.

20 COMMISSIONER VOSS: We do now. I mean, we  
21 have the additional review and the additional  
22 actuarial review. So actually, we're following  
23 something that hasn't even been put in place in other  
24 states yet.

25 MS. DOWD: However, what I'm citing from--

1 And I direct everyone to healthcare.gov, the Health &  
2 Human Services Web site. It's very helpful.

3 I'm alluding to a differing process, I  
4 believe, outside of the state process. This would be  
5 a federal process that is totally impartial and  
6 independent.

7 COMMISSIONER VOSS: Right. We don't know  
8 yet from HHS actually what they're going to determine  
9 is an unreasonable rate. Obviously, that's something  
10 that's separate from what every state would do.  
11 We've been in contact with Secretary of Health--

12 MS. DOWD: Sebelius.

13 COMMISSIONER VOSS: --& Human Services  
14 Sebelius, and they haven't quite determined what an  
15 unreasonable rate would be yet.

16 MS. DOWD: I know that in February of 2010  
17 they worked with Anthem Blue Cross of California, and  
18 after additional--after Secretary Sebelius and state  
19 officials asked for a public justification of these  
20 increases, Anthem Blue Cross delayed raising its  
21 rates for two months.

22 After additional scrutiny, an independent  
23 audit discovered errors in this Blue Cross'  
24 calculations resulting in Blue Cross withdrawing its  
25 request.

1           COMMISSIONER VOSS: Well, keep in mind,  
2 California had no prior approval system; you just  
3 filed your rates and they were approved. So I think  
4 it's not fair to suggest that California was similar  
5 to Iowa or Iowa is similar to California since--

6           MS. DOWD: I'm only citing an incidence  
7 where we're discussing what the criteria is for  
8 unjustified rate hikes. Here apparently they had  
9 discovered that Blue Cross/Blue Shield's calculations  
10 were inaccurate.

11           COMMISSIONER VOSS: Right. That's why we  
12 have two separate actuaries reviewing the rates.  
13 California did not have that.

14           MS. DOWD: I need to know a little bit  
15 better about the process of your actuarials and  
16 what--

17           COMMISSIONER VOSS: Okay.

18           MS. DOWD: --weight you put on this and how  
19 accurate. And does Wellmark ever undergo an audit?

20           COMMISSIONER VOSS: Yes, they do. But this  
21 forum is not to really talk about how our actuaries  
22 do their work. And I know you've requested a lot of  
23 information from our office that we're going to get  
24 for you, and I'm happy to do that.

25           MS. DOWD: Okay. It's just I felt moved to

1 address these issues because it was obvious that  
2 discussing facts was important in this meeting as  
3 well as discussing--

4 COMMISSIONER VOSS: Sure. Sure.

5 MS. DOWD: Because you can make your  
6 decisions here, it says, based only on the actuarial  
7 evidence.

8 COMMISSIONER VOSS: Well, that's what the  
9 law requires us to look at. Obviously, we are  
10 listening to what you have to say because we have to  
11 go back to Wellmark and say let's review this.

12 MS. DOWD: Based on--

13 COMMISSIONER VOSS: But the law requires--  
14 Excuse me. Let me finish. The law requires me to  
15 look and determine it based on the actuarial factors  
16 in state law.

17 MS. DOWD: What is the purpose of this  
18 meeting?

19 COMMISSIONER VOSS: Well, the legislature  
20 wanted us to get input from consumers about the rates  
21 when they went above the medical inflation rate, and  
22 that's what we're doing.

23 MS. DOWD: What can we expect to come of  
24 this meeting?

25 COMMISSIONER VOSS: I think what you'll

1 probably see after we have the January 6th one, that  
2 we'll take the reports from both our in-house actuary  
3 and our independent actuary, we'll probably sit down  
4 with Wellmark and go over the rates and information  
5 we have received and make a determination whether,  
6 number one, we'll accept the rate as filed, deny it  
7 as filed, or make a suggestion that they lower their  
8 rate.

9 MS. DOWD: Will you suggest another review?

10 COMMISSIONER VOSS: We can. We certainly  
11 can.

12 MS. DOWD: As by last year?

13 COMMISSIONER VOSS: Yes, we can.

14 MS. DOWD: So explain to me again, is the  
15 federal government at all a part of this process?

16 COMMISSIONER VOSS: No. And the law, the  
17 federal law, doesn't give them a part of this process  
18 at this point.

19 MS. DOWD: So the other 46 states aren't--

20 COMMISSIONER VOSS: They received money to  
21 set up their own independent review just as Iowa has  
22 done.

23 MS. DOWD: I am deeply concerned about the  
24 impartial submission of information. I'm deeply  
25 concerned about how they comply--how they compile

1 their statistics.

2 On a personal level, I've been insured as an  
3 individual with Wellmark for five years. I've had  
4 the occasion to accept \$354. That's all I've asked  
5 for. In my payments, I've paid over \$25,000.

6 I've gone along with every single rate hike  
7 every single year as a responsible individual. I  
8 understand cost sharing. That is the basis of a  
9 functioning health care insurance system. However, I  
10 object to the lack of transparency and the excess in  
11 Wellmark's doing business on a daily basis.

12 There is no transparency. I receive glossy  
13 marketing information indicating to me where their  
14 dollar is going. I'm getting assertions and false  
15 justifications. The customer is being blamed for the  
16 rate hike.

17 I have read every single one of the comments  
18 on Angel's Web site. I've read every single comment  
19 in the Des Moines Register about those people who are  
20 individuals who are insured who are paying their  
21 premiums at dear cost.

22 One woman paid--had two office claims last  
23 year. Most of these people-- Really, it needs to be  
24 investigated. Most of these people can't afford to  
25 use their policies. Last year--

1 UNIDENTIFIED VOICE: I agree.

2 MS. DOWD: Last year, when the rates were  
3 increased, Wellmark sent out a wonderful letter about  
4 how you can decrease your premium by raising your  
5 deductible, raise your deductible. Well, people  
6 raised the deductible to make the premium, and then  
7 they can't use the policy.

8 Two weeks ago, on 60 Minutes, which is a  
9 news program on television, they interviewed a woman  
10 from Iowa, from my great state of Iowa, and it was a  
11 segment about insurance. And this woman, it was so  
12 sad, she had to reduce her--in order to reduce her  
13 premiums, she raised her deductible to 7,500. She  
14 was on national television discussing Iowa insurance.

15 She needed an operation for her hand in  
16 order to continue working in a healthy way. She was  
17 working with this injured hand because she had to  
18 accept this higher deductible to keep her premium  
19 down to keep her children insured, okay? She  
20 couldn't even use it. \$7,500 deductible.

21 But she felt called upon as a responsible  
22 individual, as a mother, as following that good old  
23 Iowa--good common-sense Iowa edict, and there she is  
24 on national television telling everyone she lives in  
25 Iowa, she can't use her insurance because the

1 premiums had been so high she had to reduce them.

2           This is categorically going on. It's a  
3 secondary problem raising the premiums. "Lower your  
4 premium. Raise your deductible." Raise it to 9,500,  
5 okay? Great. Wellmark knows you're never going to  
6 use it.

7           It is unmitigated gouging without any  
8 responsibility or transparency. They send out  
9 marketing materials galore. I want facts, not  
10 innuendo.

11           Don't tell me that it's my fault the  
12 premiums are going up, that I need to eat right and  
13 move more. What about them cutting their extreme  
14 excess which is so obvious?

15           Last May the CEO reduced his salary from 2.5  
16 million to 2.4 million. What a wonderful concession.  
17 I mean, and in my dollar, they have a breakdown:  
18 88.0 cents, health care services; 8 cents,  
19 administrative expense; 4.3 cents, commissions; .6,  
20 premium tax; .9 cents, earning for premiums.

21           What are these administrative expenses? Are  
22 we paying his salary out of administrative expenses?  
23 That's excess. Is administrative expenses the debt  
24 service on the new building? Why are we paying for  
25 that?

1           If you're going to pass on the health care  
2 costs at a reasonable, justifiable rate, great. We  
3 need cost sharing. We need insurance. We do not  
4 need gouging. We are responsible. We are the 46,000  
5 Iowans who have elected to be responsible. We don't  
6 show up at the emergency room door without insurance.  
7 We don't ask anyone else to cover our costs.

8           This gentleman is paying half of his salary  
9 to Wellmark in cumulative year after year rate  
10 increases. It's wonderful that you're addressing  
11 this now, but this has got to be nipped in the bud.  
12 Unfortunately, this company will not behave ethically  
13 unless their hand is held to the fire.

14           And it doesn't mean just because it says  
15 that in 2011 insurers will generally be required to  
16 spend at least 80 percent of premium dollars on  
17 Medicare service and quality improvement activities--  
18 And there's a second part to this statement: "And  
19 limit their spending on overhead, marketing, CEO  
20 salaries and process."

21           It's very clear. Their hand is being held  
22 to the fire. They've done business as usual, good  
23 old boys in this state, for 75 years. They have  
24 extremely well-funded and powerful lobbies in our  
25 legislature. I know this.

1 I was supportive of the private right of  
2 action consumer--private right of action for consumer  
3 fraud in this state. It took-- Iowa was the last  
4 state. This seems to be the nature of our  
5 legislature to lag behind what is transparently  
6 necessary.

7 So I did write you a letter.

8 COMMISSIONER VOSS: I did get it, and we  
9 have some information to send to you.

10 MS. DOWD: Right. And I really want to know  
11 a little bit more about the actuarial process. What  
12 are the facts and figures?

13 COMMISSIONER VOSS: Yes.

14 MS. DOWD: What are you dealing with? We're  
15 reasonable people, but we can't be gouged and abused,  
16 given half-truths, sent glossy marketing materials,  
17 and be expected to feel that that's the whole  
18 picture.

19 I only found out why we're here today after  
20 pulling up the bill on-line. I had no idea that this  
21 meeting was called for whenever they ask for rate  
22 increases that exceed a certain dollar amount. I  
23 thought we were only here to vent, but--which I have  
24 done.

25 I attempted to approach this from a factual

1 basis from the get-go. I believe this gentleman  
2 really addressed those issues. He had a lot of facts  
3 and figures for your consideration.

4 I've spoken to my questions about the review  
5 process, my request for transparency for the use of  
6 our dollars. We're paying them hard-earned dollars,  
7 and they send me a pie chart like you get in first  
8 grade.

9 And what are administrative costs? Who am I  
10 paying commissions to? I went directly to Wellmark.  
11 Why am I paying commission to somebody? Do I pay a  
12 commission and then they write it off as the cost of  
13 doing business? There's no transparency here.

14 And somehow, they're hanging their hat on  
15 raising the premium based on health care costs when  
16 actually there are many other factors involved in  
17 this premium increase--

18 COMMISSIONER VOSS: Uh-huh.

19 MS. DOWD: --which simply should not be.  
20 They're frivolous. They're not-- We're dealing  
21 about the business of health insurance, health  
22 insurance.

23 Thank you for listening.

24 COMMISSIONER VOSS: Thank you. We'll get  
25 you that information.

1 DR. ADDY: Commissioner, I have a point of  
2 order.

3 CHAIRPERSON VOSS: Sure. Can we get your  
4 name, please?

5 DR. ADDY: Yes. Dr. Addy.

6 You continue to use these pronouns saying  
7 "we." I understand when someone is sitting up here  
8 saying "we," I think they mean the consumer, but I do  
9 not understand who you're talking about when you're  
10 saying "we." Do you mean the legislature? You don't  
11 mean me and you.

12 COMMISSIONER VOSS: No, no, no, no.

13 DR. ADDY: I want-- So could you please use  
14 clarifications when you say "we" and tell me if you  
15 mean the legislature, the Iowa Insurance Commission--

16 COMMISSIONER VOSS: I'm talking about the  
17 Iowa Insurance Division. I always use the word  
18 "we"--

19 DR. ADDY: Okay. I just want to make sure--

20 COMMISSIONER VOSS: --not just me.

21 DR. ADDY: --that we don't start getting  
22 mixed up with the legislature and the Iowa Insurance  
23 Commission and--

24 MS. DOWD: So does the work study group, is  
25 that a part of your--the Insurance Division or is

1 that something else?

2 COMMISSIONER VOSS: I don't know what work  
3 study group you're talking about.

4 MS. DOWD: Well, they call for you to meet--

5 MR. STONE: She's talking about Senator  
6 Hatch's group, I believe.

7 COMMISSIONER VOSS: Pardon?

8 MR. STONE: I believe she's talking about  
9 Senator Hatch's group, which is working--

10 MS. DOWD: Yes.

11 COMMISSIONER VOSS: The legislature health  
12 care commission is a separate and distinct group that  
13 was set by the legislature.

14 MS. DOWD: All right. I just had the bill  
15 here, so I can refer to it later.

16 COMMISSIONER VOSS: Yeah.

17 MS. DOWD: But are those the people who help  
18 you make the decision, or is it all your decision?

19 COMMISSIONER VOSS: No. It's the  
20 legislature that put the law into--

21 MS. DOWD: No, no. For the rate hike. Are  
22 you the sole individual?

23 COMMISSIONER VOSS: I'm the one who makes  
24 the decision based on--

25 MS. DOWD: So there's not like a board?

1 COMMISSIONER VOSS: No.

2 MR. STONE: Are you subject to recall under  
3 the election laws?

4 COMMISSIONER VOSS: No. I'm not an elected  
5 commissioner.

6 MR. STONE: So you're an appointed  
7 commissioner?

8 COMMISSIONER VOSS: I'm appointed.

9 MR. STONE: So we have no recourse to you  
10 whatsoever when you make this decision if we disagree  
11 with it?

12 MS. DOWD: Is there an oversight committee?

13 COMMISSIONER VOSS: The governor.

14 MS. DOWD: Would this federal government  
15 take the place of an oversight committee?

16 COMMISSIONER VOSS: No. The new law on the  
17 rate on the unreasonable doesn't give the federal  
18 government the authority to actually overturn a rate  
19 review at the state level, but there is a process  
20 where HHS can look at what they determine might be an  
21 unreasonable rate. But at this time there's no  
22 authority under the new health care reform bill to  
23 actually overturn a state's decision on a--

24 MS. DOWD: I don't think it says to  
25 overturn. It just says to investigate and--

1 COMMISSIONER VOSS: Right.

2 MS. DOWD: --make public their findings.

3 COMMISSIONER VOSS: Right. But they haven't  
4 made their actual determination what they would  
5 consider--at what point would be an unreasonable  
6 rate, and they're still working on that right now at  
7 HHS.

8 MS. DOWD: Well, do they use this 4.9, a  
9 6.9?

10 COMMISSIONER VOSS: I don't know. They  
11 haven't made a determination yet whether, you know,  
12 they have-- We haven't seen that yet.

13 MS. DOWD: I know I had a chance to speak to  
14 them.

15 Well, anyway, I've done a lot of research--

16 COMMISSIONER VOSS: Okay.

17 MS. DOWD: --so I'll look forward to  
18 following.

19 COMMISSIONER VOSS: Yeah. We'll get you  
20 that information.

21 MS. DOWD: Right, following. And we'll see  
22 about if we need an oversight. I doubt it. I think  
23 you're very capable. However, I had hoped that my  
24 findings would support your work in some way.

25 Wellmark is very powerful. They're well

1 funded. You have a tremendous responsibility for  
2 46,000 people, and I had thought that these federal  
3 programs I found would be helpful, coming to you to  
4 give you financial support, giving you ability,  
5 standardized approaches for assessing. I had thought  
6 it would be supportive--

7 COMMISSIONER VOSS: Uh-huh.

8 MS. DOWD: --in this decision-making  
9 process. Well, I'll follow up to you.

10 COMMISSIONER VOSS: Okay. Thank you very  
11 much.

12 MS. DOWD: Well, Thank you.

13 MS. KAVAN: If I had two hands, I'd applaud.  
14 (Applause.)

15 MS. KAVAN: Thank you for all your work.

16 MS. DOWD: Well, it's all-- I encourage you  
17 all to go to the Web site. It's all there.

18 COMMISSIONER VOSS: Do we have anybody else  
19 who would like to speak?

20 MS. ROBINSON: Commissioner, I gave you an  
21 extra sign-up sheet that was passed along.

22 COMMISSIONER VOSS: Oh, okay. Thank you.

23 Brian Rolek?

24 MR. ROLEK: No.

25 COMMISSIONER VOSS: No? Okay.

1 Jim, is it Septer?

2 MR. SEPTER: Septer, yeah.

3 COMMISSIONER VOSS: Hi, Jim.

4 MR. SEPTER: I don't have a lot of  
5 questions. I just would like to get on record--

6 MS. O'BRIEN: Could you speak up, sir, so we  
7 can all hear?

8 MR. SEPTER: I'll try.

9 MS. O'BRIEN: Okay. Thank you.

10 MR. SEPTER: I just want on record the  
11 information--

12 COMMISSIONER VOSS: If people could take  
13 their conversations out in the hall, I would  
14 appreciate it. Thank you.

15 MR. SEPTER: The information you get out of  
16 Blue Cross versus what's actually happening just  
17 doesn't seem to jibe. For instance, this year  
18 they're talking about an 11 percent average increase.  
19 My increase this year is 52 percent.

20 It's gone-- I started with Wellmark five  
21 years ago. It's gone up 190 percent in five years.  
22 It's gone from-- I'll talk quarterly numbers because  
23 that's the way I pay it. I was paying \$700 a quarter  
24 when I started. They tell me next year it's going to  
25 be \$2,100 a quarter. That's from 1,300 to 2,100

1 dollars in one year.

2           They tell me that's the pool of members I'm  
3 in that gets that increase. I'd like to know who is  
4 in the pool. I mean, I'm a 60-year-old single white  
5 male. Is that the pool, or is it a cancer patient?  
6 Because I'm uninsurable do they now have me over the  
7 barrel and I can't get anything else so they can do  
8 whatever they want? Is that the way the game is  
9 played?

10           They're also talking about the increase in  
11 medical costs to justify their increase in premiums,  
12 but I don't see it. The cancer processes I've gone  
13 through have involved a lot of X-rays, CAT scans and  
14 MRIs, those three items in particular.

15           Five years ago, an X-ray, a chest X-ray,  
16 cost me 145. The last one I had was 239. That's  
17 like a 60 percent increase. Wellmark takes their  
18 discount back in '05 and paid 40 bucks. This year  
19 they take their discount and pay 40 bucks.

20           CAT scans have gone from a thousand dollars  
21 five years ago to \$2,100. That's like a 96 percent  
22 increase. On the original thousand-dollar CAT scan I  
23 had, Wellmark took a discount and paid 422. The last  
24 one, they paid 333. So the price has gone up 96  
25 percent. Wellmark paid 20 percent less.

1           The MRIs started at \$4,500. They're up to  
2 \$5,500. Wellmark paid 1,600 for the first one, 1,400  
3 for the last one. Their cost has gone down 11  
4 percent. So I don't see the increases that these  
5 guys are talking about. It's just it's not there.

6           My first CAT scan this year with my co-pay  
7 and all that kind of stuff-- I stopped getting MRIs  
8 because I can't afford them. My oncologist gets  
9 chest X-rays and CAT scans, and my brain surgeon  
10 wanted MRIs. I can't get MRIs anymore, they're too  
11 expensive. I can't afford them. So my oncologist is  
12 now doing CAT scans of my head as well as my chest.

13           The first one I had this year was-- Get the  
14 number here. My first bill was April of this year  
15 before I had any of my deductibles coming out. It  
16 was \$4,000, a little over \$4,000, for my combination  
17 CAT scan of head and chest. Wellmark's discount was  
18 \$3,000. Now, I hadn't paid my deductible yet so I  
19 paid the last grand. They paid nothing.

20           Well, I guess I'm not supposed to be alive  
21 right now. I wasn't supposed to last this long. But  
22 it's to Wellmark's advantage because now they're  
23 starting to recoup. I mean, they paid for me,  
24 there's no doubt about it. It's gone well over  
25 \$300,000 now. But that's the price they've been

1 billed. That's nowhere near what they've paid.

2 This year, in 2010, I've actually been  
3 billed \$10,800 for the processes I've had.  
4 Wellmark's discount on \$10,000 has been \$7,400. Of  
5 the \$7,400, they paid 1,500-- Or that's the  
6 discount, I mean. What they did pay of the other  
7 3,000 or so that's left over, they paid 1,500 and I  
8 paid 1,800.

9 So with the \$5,500 in premiums they're  
10 getting from me this year, they've only paid out  
11 \$1,500. I'd say they're making a pretty good mark-up  
12 on it now. So as long as I live and don't have  
13 another relapse, they're going to be doing just fine.  
14 They're going to make all their money back.

15 As far as their bookkeeping, accounting  
16 process, I would like those same people to work for  
17 me, because if they did, I wouldn't have any  
18 financial problems. I mean, I own Wellmark. They  
19 tell me I do. I'm a policyholder; therefore, I'm an  
20 owner.

21 I've been in the situation before with a  
22 couple of not-for-profits, and all of those other  
23 instances, I was asked to vote by proxy, you know,  
24 every year for the directors and stuff. If I own  
25 Wellmark, why are they not asking me who I want

1 running this company that I own? I don't understand  
2 that at all.

3 Well, like I say, if I had their  
4 bookkeepers, I'd be okay because they can come up  
5 with, what is it, 250 million to put that new  
6 building in and they keep saying it doesn't raise  
7 premiums. Where do they get money, outside of  
8 premiums, that can pay for that thing? I don't  
9 understand.

10 If they have other income besides premiums,  
11 then they can't be hurting, and I shouldn't have to  
12 pay a rate increase. If they don't have anything  
13 other than the premiums for income, I am paying for  
14 it. So either they are very smart or they think  
15 we're very stupid.

16 Oh, I also found out, kind of accidentally  
17 this year, that they also don't pay the billed price  
18 for drugs. My medication is \$5,000 a month, which,  
19 naturally, I don't take it as often as I'm supposed  
20 to because I don't have that kind of money.

21 I got in one of those patient assistance  
22 networks, and I found out, judging by what they pay  
23 annually, that Wellmark isn't paying \$5 ,000 a year  
24 to begin with. They take like--I don't know what the  
25 number is--eight or nine hundred dollars a month less

1 than what Walgreens shows me on my bill.

2           So that's really about all I had. I don't  
3 expect anything, really, to come from this. I just  
4 wanted these numbers in there because I get tired of  
5 seeing them represent themselves as offering  
6 something like an 11 percent increase when, you know,  
7 mine is 50. Last year they said 18. Mine was 22.  
8 Like I say, in five years it's gone up 190 percent,  
9 and I don't see anything going up that cost because  
10 procedures are actually less than what they were.

11           The uninsured people, I can't believe they  
12 can pay \$4,000 for a CAT scan. I mean, where do they  
13 get the money? Half of what I make now-- The  
14 largest single annual outlay I have is my medical  
15 expenses. It comes above my rent. It comes above  
16 taxes. It's at the top of my fees.

17           That's really all I have to say. Thank you.

18           COMMISSIONER VOSS: Thank you.

19           Is there anyone else who would like to--

20           Sure. Sir, come on.

21           MR. MEALEY: Hello. My name is Don Mealey.

22           What's yours?

23           COMMISSIONER VOSS: I'm Susan Voss.

24           MR. MEALEY: You're Susan Voss?

25           COMMISSIONER VOSS: Yes.

1           MR. MEALEY: I read the deal in the article.  
2 It sort of infuriated me, something. And they might  
3 have got it out of text because they usually do.

4           But we are the customers. I'm a  
5 self-employed businessman, been a self-employed  
6 businessman for 40 years, work in a residential home  
7 industry. You know what keeps the cost of  
8 residential homes down to where you can afford a new  
9 home? Competition.

10           That's what's lacking in this state,  
11 competition. Bill Clinton seen to that back in the  
12 nineties when he vetoed it when we could buy  
13 insurance across states lines. That's what's needed  
14 right now with Blue Cross/Blue Shield.

15           When they have a big-- Especially in Iowa.  
16 We don't have three million people in this state. If  
17 we could go to and buy insurance from a state that  
18 had three million people in their city, it would have  
19 to be a bigger pool.

20           I'm 60 years old. I can run ten miles. I'm  
21 as healthy as any man. I just helped a man get his  
22 deer out. That's why I'm late. Second deer gun  
23 season didn't really coincide with this, but I'm here  
24 anyway.

25           I have a friend of mine works seven days a

1 week in a small business just to pay for his health  
2 care. He asked all his doctors, pharmacists and  
3 everything if they had this raise, and they said no,  
4 they didn't have this raise. And this man has to  
5 work seven days a week, he can't hire employees,  
6 because his money is being siphoned off.

7           Barack Obama had one thing right. The  
8 health care system will bankrupt America. Because I  
9 got a check right here for 1,900-some dollars that I  
10 paid yesterday for my last premium, \$1,914.70. They  
11 want to raise that to \$946 a month. So my three  
12 months is almost going to be \$3,000. My monthly  
13 increase is going to be \$307.10.

14           That's far more than 11 percent,  
15 Mrs. Voss--or Ms. Voss. I hope I got that right. I  
16 don't want to be offensive. And I don't want to be  
17 belligerent. I just want to get to the facts.

18           \$304, if I took that raise, if I took that  
19 kind of increase to my home builders in this  
20 suppressed economy, I wouldn't have a home builder  
21 left in this state right now. I'd be on the  
22 unemployment line.

23           I'd put myself out of business because, just  
24 like Wellmark, they're not a stand-alone company.  
25 Without customers, they don't have a business. We

1 are the suppliers. We bring the money to them.

2 Now, when they take that kind of money out  
3 of Main Street-- I read an article where Main Street  
4 stores are suffering. Well, there's no loose change  
5 in their pockets. It's all being siphoned off too.

6 The most valued thing a person has is their  
7 health, and it's sort of being extorted. I mean,  
8 they got cures and they got technology today that we  
9 may not want to pursue. It may not be cost-effective  
10 to buy.

11 We came over to this country on rat-infested  
12 boats and landed on Plymouth Rock, walked to  
13 San Francisco Bay. Many of us didn't get there, but  
14 we didn't have Blue Cross/Blue Shield back then. We  
15 just took our own risk as it came.

16 And, you know, death is like a quarter. You  
17 got to have a heads and you got to have a tails. And  
18 to have a life, you got to have a death. But I'm  
19 afraid that I'm not going to be able to afford--it  
20 would be cheaper for me to have a death than it would  
21 to have a life.

22 I mean, it's sort of like the mob tactics  
23 that you watch on TV. They start you up and let you  
24 work in their neighborhood, you know, they won't  
25 bother you and give you protection. Before long,

1 they're running your business and you ain't making no  
2 money. You're working for them.

3 Well, I don't mind a company having an 11  
4 percent increase, but my increases far exceeds 11  
5 percent. And, like I say, they don't judge me on my  
6 person; they put me in this pool.

7 And, granted, there's a lot of unhealthy  
8 people, they had a lot of unhealthy lifestyles, and  
9 the baby boomers now--as Jeremiah Wright said, the  
10 chickens are coming home to roost, and they are.

11 And I seen some men that look like they  
12 could be nine months along, and they're younger than  
13 me. Now, they're going to cost me a lot of money,  
14 and that--

15 COMMISSIONER VOSS: I'd like to quote you on  
16 that.

17 MR. MEALEY: Well, I tell them, I said,  
18 "When's the last time you seen your belt buckle?"

19 And I'll tell you another thing. A man will  
20 lie about his weight faster than a lady will, I  
21 guarantee you that, because I'm an outfitter, and if  
22 you ask a man how much he weighs, he's going to tell  
23 you high school weight. And when he shows up in your  
24 camp, he's about 300 pounds more than what he told  
25 you he was.

1           But anyhow, we didn't take very good care of  
2 ourselves, you know, that's for sure. I mean, you go  
3 and look at the hospitals and waiting rooms and  
4 there's people in there in their late fifties.

5           I just turned 60. Fortunate enough, I took  
6 pretty good care of myself, but, you know, a lot of  
7 my fellow men didn't, so the cost is going through  
8 the roof because there are so many now with the baby  
9 boomers all, like I said, chickens coming home to  
10 roost.

11           We've spent millions and billions of dollars  
12 on nonsmoking ads, and I still go into convenience  
13 stores and see young people lighting up, and I just  
14 shake my head, don't understand that.

15           But this Blue Cross/Blue Shield thing has  
16 gotten out of hand. I mean, it's not that I got a  
17 giant bitch list, it's just that we can't-- \$307,  
18 that's almost I'd have to go get another paycheck.

19           And fortunate for me, thank God, I can  
20 absorb this. But what about the guy that can't?  
21 That's who I'm speaking for today, the guy that  
22 can't, the guy that's got his back against the wall  
23 and nowhere to go.

24           The last increase I had, the lady at Blue  
25 Cross told me-- I told her it was 40 percent, and

1 she corrected me. She said, "No. It's a mere 42  
2 percent." And so it's like they're pretty calloused  
3 about that.

4 And as far as them saying that that building  
5 down there don't cost us no money, well, I'm in  
6 business, and when I buy something new, I finance it,  
7 but I try to pay for it by price increases to my  
8 customers because I'm bringing them a better product.

9 For them to say that that didn't cost us no  
10 money, I don't know. That's one of, you know,  
11 Financial 101 that it's going to cost somebody money  
12 to pay for the new toys.

13 But they got to have a business, and I  
14 understand that they said if they put it under one  
15 roof it's cheaper than renting many rental buildings,  
16 but I can't work under that margin of increase. I  
17 mean, like I say, if I tried to do that in this  
18 suppressed home-building industry, why, I'd be out of  
19 a job.

20 And I'd be out of a job because I have  
21 competition. And not to be repetitive on my remarks,  
22 I don't see Blue Cross/Blue Shield having much of  
23 competition.

24 The state of Iowa is gracious enough to put  
25 them in business, and maybe they ought to look about

1 taking them out of business. We had an election  
2 November 2nd, and we got--the people spoke, and they  
3 got to start listening to us because a lot of people  
4 are cash-strapped and nowhere to go. What are you  
5 going to do, you know.

6 And the most important thing you have,  
7 valued thing you have in life, is your health. And  
8 when it gets in this country that we cannot afford  
9 it, well, I guess we're all going to be sleeping down  
10 there on the Raccoon River in a blue Quonset hut or  
11 something like that.

12 I don't know what them people have for  
13 health insurance, but it's a sad deal too in America  
14 that we have that, but I can't solve that problem  
15 either.

16 But, Ms. Voss, if you can see to it, I'm an  
17 honest, hard-working man. I got calluses on my hand  
18 and very few on my derriere, so-- I mean, I'd rather  
19 have them there than where I sit, but I can only make  
20 so much money too, and there's only so much milk in  
21 your best cow, and you'll ruin the cow if you keep  
22 pulling on her, you know. It just won't produce no  
23 more.

24 And I think these--the CEO down there at  
25 Blue Cross/Blue Shield, if he had any integrity, I

1 don't think anybody's going to verbally attack that  
2 man, he should have been here today. That's my  
3 thought.

4           Because if somebody had a complaint about my  
5 rates, I definitely would be at the bargaining table.  
6 I'd want to hear who was paying my living, and I'd  
7 want to see, feel-- Like Bill Clinton used to quote,  
8 "I feel your pain." I really doubt that with a \$5  
9 million wedding if he ever felt my pain.

10           But anyhow, that's all I got to say. We  
11 have got to do something about that because we are  
12 going to bankrupt Main Street America with all the  
13 monies that are going, you know, into that.

14           So you have a good day and merry Christmas,  
15 happy new year.

16           COMMISSIONER VOSS: I appreciate your  
17 comment.

18           REPORTER: Could you just repeat your name?

19           MR. MEALEY: Huh?

20           REPORTER: Your name?

21           MR. MEALEY: Don Mealey, M-e-a-l-e-y.

22           REPORTER: And where are you from?

23           MR. MEALEY: Norwalk, Iowa. Proud to be  
24 the nontypical Norwalkian. Outspoken, and I don't  
25 need a microphone because I got a loud voice. I

1 flunked second grade too. Don't hold that against  
2 me, y'all.

3           You have a good day. I got to go back to  
4 the deer woods.

5           COMMISSIONER VOSS: Thank you.

6           Is there anyone else who would like to  
7 speak?

8           Yes.

9           MS. KAVAN: I'm Marlene Kavan, and I want to  
10 say I worked for the federal government my last ten  
11 years, and before that I worked for an insurance  
12 company for ten years until they moved out of the  
13 state. I now have a retirement that I rolled over  
14 from the insurance company to the government, and I  
15 pay not half for my Blue Cross/Blue Shield, but all  
16 but \$34. That's my retirement after working for 20  
17 years. So it is unbelievable.

18           And this year, you'll also have to increase  
19 your prescriptions for \$5, you know, where other  
20 companies are either--giving the first five  
21 prescriptions free.

22           I mean, it's just I couldn't believe it  
23 because I do have to take a lot of medications, and  
24 it costs-- My husband, thankfully, pays for my  
25 medications, because there's no way I can do that

1 with \$37. And some of the prescriptions have to be  
2 not generic. They don't make them in generic.

3 So I want to thank everybody that did speak  
4 here today. And I left my facts and figures in the  
5 car, but I know that last year my insurance was  
6 raised 20-some percent, and this year-- What is my--

7 MR. KAVAN: 13.

8 MS. KAVAN: --13 percent it will be. So I  
9 won't have any money from retirement. I'll probably  
10 owe the federal government for my Blue Cross and Blue  
11 Shield. So I would appreciate it if you would  
12 re--take another look. Thank you.

13 COMMISSIONER VOSS: Thank you.

14 Somebody else had their hand up over here.

15 Yes, sir.

16 MR. FAIRCHILD: Yes. My name's David  
17 Fairchild. I'm from Story City. My wife and I are  
18 self-employed. I know we're probably typical for a  
19 lot of the people in our pool.

20 Last year we were shocked. I mean, it  
21 really--it really hurt us last year, the increase  
22 last year. I was really thankful to Governor Culver,  
23 you know, for saying, okay, we're going to look into  
24 this, we're going to investigate this, and I really  
25 thought something was going to be done.

1           And then when it turned out that this  
2 actuarial review--I'm just going off of memory last  
3 year--the cost was like \$13,000 or \$8,000. You know,  
4 somebody can correct me, but it wasn't--that wasn't a  
5 real thorough study of the costs and--that Wellmark  
6 has passed along to us the last time around.

7           I'm sorry. An actuarial review only reviews  
8 the numbers that they submitted to the Insurance  
9 Division; is that correct? I mean, that's--

10           COMMISSIONER VOSS: They actually did a  
11 separate review, but, you know, it's the same filing.  
12 It's the same filing they give us, that's correct.

13           MR. FAIRCHILD: But, like I said, I read the  
14 costs in the newspaper, and it really--it really  
15 bothered me that the state spent so little money  
16 investigating a huge cost increase we got last year,  
17 okay?

18           And that was way after the fact, you know,  
19 it was months after all the hue and cry and all the  
20 letters from Jack Hatch and all the--you know, all  
21 the anger in the newspapers and the television  
22 looking away.

23           You know, so this year I'm here, and I will  
24 be will be here on the 6th also at the Insurance  
25 Commission building, to just say we've got to stop.

1 I mean, it can't keep going up.

2 We've been Wellmark customers for over 20  
3 years. We're self-employed. We're middle income.  
4 We have a cleaning service. We're not-- You know,  
5 we're not rich people, maybe lower middle. Our  
6 insurance, our health insurance premiums right now,  
7 are almost 20 percent of our income.

8 I had a procedure a couple years ago, just a  
9 three-hour outpatient procedure. There was 25  
10 percent of our income that year went to paying for  
11 that because of the \$2,500 deductible plus the health  
12 insurance premiums.

13 And Wellmark's answer to us last year was,  
14 you know, what can we do to help? See, we don't use  
15 our health insurance. Probably I haven't been to the  
16 doctor in two years. Every time we look at a health  
17 care choice, it's got to be do we have to go. If I  
18 have to go to the doctor, I'll go to the doctor and  
19 then pay that--you know, that high deductible.

20 So it's not like we're using this  
21 irresponsibly, and I'm sure everybody in our pool  
22 uses their health care dollar and they make those  
23 decisions, you know, because we can't afford to go,  
24 you know, just for every ache and pain and, you know,  
25 small twist of the ankle and this and that.

1           So we do use it responsibly, and to hear  
2 Wellmark say, well, it's because, you know, you're  
3 acting irresponsibly, you're eating poorly, you're  
4 doing all these other things, well, you know, help us  
5 out here. Let's keep these increases to the point  
6 where at least the cost of our--you know, the cost of  
7 living can at least help keep up with these  
8 increases.

9           But 20 percent and 11 percent increases  
10 every year, I tell you, you're going to--they're  
11 going to price me right out of the business and we're  
12 just going to have to, you know, go pay for services  
13 as we need them.

14           Because we can't keep--I can't pay 20  
15 percent of our income or more every year for our  
16 health insurance. I mean, there's other insurance  
17 and taxes and, you know, other costs that just don't  
18 allow us that option.

19           You know, I understand they have to charge  
20 for those services, but to me, these last two years  
21 have been just over the top, and I can no longer just  
22 sit and just pay the bill and accept the 45-- Well,  
23 their suggestion last year was, you know, take a  
24 \$4,500 deductible, and still we're going to charge  
25 you, I think it was, \$80 more.

1           You know, and I'm just asking the Insurance  
2 Commission or Insurance Division to at least, if  
3 you're going to do a study, do a study. If it takes  
4 a change in the law, you know, let us know so we'll  
5 go talk to legislators and have the legislature draw  
6 up something that says, okay, you guys can go in and  
7 do an actual audit, not an actuarial study.

8           Because, I mean, the costs of that-- And if  
9 I'm incorrect on that last year, let me know, but  
10 that's what I read in the paper, that actuarial study  
11 was--you know, it was 8,000 or 13,000 dollars, which,  
12 I'm sorry, I mean, but that's nothing.

13           I mean, we're talking a multi-,  
14 multimillion-dollar industry, and if that's what it  
15 costs the State of Iowa to study their submission, I  
16 can't call that adequate.

17           And if I'm wrong, please correct me, because  
18 I don't intend to be.

19           COMMISSIONER VOSS: You're-- Actually,  
20 you're high.

21           MR. FAIRCHILD: Okay. Yeah.

22           COMMISSIONER VOSS: All they did was just  
23 those rates. They didn't do a full-blown audit of  
24 Wellmark and all of their-- It was only on those.  
25 So, you know, when we do a--we do an examination of

1 the company once every five years where we review  
2 everything.

3 And just to kind of--just to let you all  
4 know, there is a new requirement beginning next year  
5 that every carrier has to file two separate forms.  
6 One is now that they are--they must have at least 80  
7 percent of every dollar has to be spent on health  
8 care.

9 They have a formula now and a reporting  
10 system where we will actually see every year exactly  
11 what goes into that 80 percent or higher and what  
12 goes into their actual administrative costs. So you  
13 will know now, beginning next year, exactly what all  
14 that premium dollar goes for. They must file that  
15 with our office.

16 MR. FAIRCHILD: Well, again, not to  
17 criticize, but if they follow the numbers-- I mean,  
18 I've been a small businessman for 30 years. If  
19 they're filing the numbers and you're not--you're not  
20 going into their offices and looking at their books,  
21 you know, not to cast aspersions, but it's not likely  
22 that that 80 percent won't include some  
23 administrative overhead.

24 COMMISSIONER VOSS: Well--

25 MR. FAIRCHILD: I don't know.

1           COMMISSIONER VOSS:  --that's a new federal  
2 law, and so they have to file that, we'll have to  
3 review that, and--

4           MR. FAIRCHILD:  \$250 million--  I have to  
5 agree with everybody who's commented.  The \$250  
6 million building, I'm sorry, that money didn't come  
7 from just savings on rental.  You know, we're paying  
8 for that somehow.

9           And, again, I don't have a problem with them  
10 building new headquarters, they can spend their money  
11 as they like, but let's just keep these increases to  
12 the cost of living, you know.  If we can at least,  
13 you know, just hold the line on that.

14           I don't mind paying for health insurance.  I  
15 don't mind paying, you know, for our bills as we go.  
16 But just help us out here a little bit because you're  
17 talking to a bunch of people who are--you know, we're  
18 trying to be responsible citizens.

19           COMMISSIONER VOSS:  Right.

20           MR. FAIRCHILD:  I mean, we're trying real  
21 hard.  We're not wasting money.  You know, we only go  
22 to the doctor when we have to because, like I say,  
23 our deductible is already--I'm only speaking for  
24 myself--high enough that we won't go to the doctor  
25 for, you know, minor inconveniences.

1 So anyway, thanks for letting me vent.

2 COMMISSIONER VOSS: Thank you.

3 MR. FAIRCHILD: I do appreciate at least  
4 being able to say my piece after last year because it  
5 was very frustrating last year.

6 COMMISSIONER VOSS: Yes.

7 MR. FAIRCHILD: It just seemed like there  
8 was a lot of hue and cry and no--you know, nothing  
9 changed. And then this year with, you know, getting  
10 hit with another big increase just--it just can't  
11 keep happening.

12 COMMISSIONER VOSS: Okay. Thank you.

13 MR. FAIRCHILD: Thanks.

14 COMMISSIONER VOSS: Yes.

15 DR. ADDY: Commissioner, do you have time  
16 for some questions?

17 COMMISSIONER VOSS: Well, let's see if we  
18 have other comments from people.

19 Yes.

20 MR. STONE: I have a quick follow-up, if I  
21 may. In your five-year examination review, do you  
22 review them for monopolistic tendencies and market  
23 share and whether it's an appropriate market share?

24 COMMISSIONER VOSS: Actually, it's more of a  
25 financial exam. I don't think we really do a deep

1 dive onto whether they're--you know, from an  
2 antitrust or a monopoly standpoint. That's really  
3 where we're required to do a deep-dive financial  
4 examination.

5 MR. STONE: When two companies in this state  
6 own 87 percent of the insurance marketplace, as  
7 Commissioner, don't you think it might be appropriate  
8 for you to go out and take a look at some monopoly  
9 practices and maybe make a referral to the U.S.  
10 Justice Department on some of these companies?

11 COMMISSIONER VOSS: I possibly could if I  
12 determined that that was appropriate.

13 MR. STONE: Well, if you don't do it during  
14 the five-year examination, you don't do it during the  
15 review for the rate increases, when do you do an  
16 in-depth dive where you might be inclined to make  
17 that determination? Do you ever do such an in-depth  
18 dive?

19 COMMISSIONER VOSS: I have not done an  
20 in-depth dive on whether they are an antitrust  
21 violation monopoly since I've been Commissioner.

22 MR. STONE: And you don't think an 87 market  
23 share might say, under your watch as Commissioner--

24 COMMISSIONER VOSS: I don't believe it's--

25 MR. STONE: --it might be advisable for you

1 to do that?

2 COMMISSIONER VOSS: I don't believe it's an  
3 87 percent market share.

4 MR. STONE: Between them and Coventry, the  
5 published market share is 87 percent.

6 COMMISSIONER VOSS: Well, okay, you're  
7 adding Coventry in that, so--

8 MR. STONE: Well, I said two companies when  
9 I started. Coventry is the smaller percent. Nobody  
10 really knows what their market share is, as I  
11 understand it. They don't actually publish share  
12 numbers. They know, Coventry knows. Arguably, you  
13 should know as the Commissioner.

14 But certainly they're well over the 60  
15 percent that most economists would say represents a  
16 monopoly in a marketplace. Would you agree with  
17 that?

18 COMMISSIONER VOSS: I'm just not really  
19 prepared to talk about monopoly issues. I'm here to  
20 talk about rate reviews, okay?

21 MR. STONE: Well, but here's the problem.  
22 The rate review you're doing is being done, all the  
23 practices you're hearing about are because these guys  
24 are a monopoly and they're using the lack of demand  
25 in the marketplace and the lack of choice in the

1 marketplace to drive rate increases and co-pay  
2 increases.

3 COMMISSIONER VOSS: Well, I'm not--

4 MR. STONE: Nobody in their right mind would  
5 pay 20 percent of their income to a company if we had  
6 competition that was meaningful in this marketplace,  
7 Madam Commissioner.

8 COMMISSIONER VOSS: Well, that's a  
9 discussion for another time. I really don't want to  
10 spend my time or take people's comments to argue  
11 whether we should be doing-- I appreciate what  
12 you're saying, but maybe this isn't the right time.  
13 If you want to contact me later, I'd be more than  
14 happy to have a discussion.

15 MR. STONE: I think what we'll do is we'll  
16 contact the legislature and ask them to write a law  
17 that requires you to do that study once every few  
18 years.

19 COMMISSIONER VOSS: Okay. That's fine.

20 Other comments, public comments, people want  
21 to make?

22 I also wanted to add something that I hadn't  
23 told you before is we are now required to do this  
24 annual study on what are the underlying health care  
25 cost drivers.

1           I think one of the big issues that came out  
2 of last year's hearing was, well, what is it that's  
3 driving health care costs outside of, you know, when  
4 you look at your premiums.

5           So the Division is now required to do an  
6 in-depth study, and we sought to get an independent  
7 outside expert to come in and help us with that.  
8 We've just about completed that study, and I think  
9 you'll find in that some pretty good information.

10           It's not as deep a dive as we had hoped  
11 because we had limited time this year. We didn't  
12 have a full year's worth of expenses and costs to  
13 look at what are the underlying health care drivers.

14           On the limited information I have right now,  
15 I can just tell you that health care costs last year  
16 went up \$288 million in the state of Iowa. That's  
17 not premium cost. That's underlying health care  
18 costs.

19           So what you'll see starting-- We'll file  
20 this report very shortly, but then every year after  
21 that you're going to be getting a lot more  
22 information as consumers about hospital costs,  
23 physician costs, drug costs, what are those--what are  
24 those top drivers that are really driving the costs.

25           Not from what-- It's not an insurance,

1 necessarily, it's just what are those underlying  
2 costs that Iowans are experiencing.

3 Yes, sir.

4 MR. SEPTER: I want to know how you're going  
5 to tell-- Are these true costs you're talking about,  
6 or is this what is billed?

7 COMMISSIONER VOSS: No. This is a true  
8 cost.

9 MR. SEPTER: Whatever they are billing  
10 Wellmark--

11 COMMISSIONER VOSS: No. These are--

12 MR. SEPTER: --hasn't got a damn thing to do  
13 with what they're paying.

14 COMMISSIONER VOSS: No. These are not  
15 insurance costs. This will be what are the  
16 underlying, you know, cost drivers in health care,  
17 whether it's--

18 MR. SEPTER: Processes, right?

19 COMMISSIONER VOSS: Process, yes.

20 MR. SEPTER: Okay. That's my question.

21 COMMISSIONER VOSS: Yes.

22 MR. SEPTER: The \$4,000 they're billing for  
23 CAT scans, that's got nothing to do with what  
24 Wellmark pays.

25 COMMISSIONER VOSS: No. You're right.

1 We're doing--

2 MR. SEPTER: Which number are you looking  
3 at?

4 COMMISSIONER VOSS: We're sort of doing it  
5 two levels, so you'll see what are the underlying  
6 costs and, you know, what's happening with not just  
7 private insurance but what's happening in the public  
8 cost sectors as well. So you get a better picture of  
9 what's driving costs throughout the whole state.

10 And this is--really actually was requested  
11 in some discussions with legislators last year about,  
12 well, how do we do better policymaking. We don't  
13 really know what's driving health costs in Iowa,  
14 whether it's hospital bills or, you know, ancillary  
15 costs or durable medical equipment and things like  
16 that, that we don't have in one document what are  
17 those costs. So it's not insurance, necessarily,  
18 costs. It's, like, underlying costs.

19 Yes.

20 MS. KAVAN: Would that also include all the  
21 new hospitals--

22 COMMISSIONER VOSS: Yes. Yes.

23 MS. KAVAN: --and what we've got in Iowa?

24 COMMISSIONER VOSS: Yes.

25 MS. KAVAN: And your new building?

1 COMMISSIONER VOSS: Yes.

2 MS. SOUTHWORTH: Will your study also report  
3 the percentage of payment made by an insurance  
4 company on a bill that's submitted by health care  
5 providers?

6 COMMISSIONER VOSS: You know, Jill, I don't  
7 think that's what the actual report is going to hone  
8 in on. It's more of just we will have information  
9 about carriers and their percentage of costs and  
10 medical loss ratios.

11 I'm not really sure, and I'd have to go  
12 back-- Because we're now just in the process of  
13 talking to a new group to do the study, and that's  
14 something maybe we can take into consideration.

15 MS. SOUTHWORTH: Further comment. I ask  
16 this because I am aware that insurance carriers pay  
17 less than 50 cents on the dollar for charges that are  
18 submitted by health carriers.

19 COMMISSIONER VOSS: I can't comment whether  
20 that's true for all of the different contracts they  
21 make with all the different provider communities. It  
22 just kind of depends on what their contracts are.

23 MS. SOUTHWORTH: But it has a lot of  
24 effect--

25 COMMISSIONER VOSS: Sure, it does.

1 MS. SOUTHWORTH: --on the discussion that's  
2 going on here today.

3 COMMISSIONER VOSS: Right. And whether--and  
4 then who's bearing that burden when they don't pick  
5 up the full cost. You're absolutely right.

6 MS. SOUTHWORTH: A thousand-dollar CAT scan  
7 charge might be \$300 to an insurance carrier. I'm  
8 aware that there's a substantial discount--

9 COMMISSIONER VOSS: Right.

10 MS. SOUTHWORTH: --by what the power of the  
11 insurance carrier bargains with the health care  
12 providers for.

13 COMMISSIONER VOSS: Right.

14 MS. SOUTHWORTH: So I guess the point I'm  
15 trying to make is that looking at the gross number  
16 for a health care charge really is not reflective of  
17 what the cost is.

18 COMMISSIONER VOSS: Right. And we want to--

19 MS. SOUTHWORTH: A private individual may  
20 walk in and have to pay full freight for a health  
21 care charge while somebody who is covered by  
22 insurance is going to get a much lesser charge. That  
23 lesser charge should be passed on to the person  
24 paying the insurance premium.

25 COMMISSIONER VOSS: Right. And I think we

1 also want to know about when are we moving costs  
2 around in the system from somebody who's got  
3 insurance to somebody who has no insurance and  
4 they're obviously paying a higher percentage. And  
5 those are some of the things we hope to get from this  
6 study on an annual basis.

7 MR. SEPTER: The inflated rate, I think, is  
8 to their advantage because my co-pay is 20 percent of  
9 whatever that inflated number is. It's got nothing  
10 to do with what Wellmark was actually going to pay.

11 COMMISSIONER VOSS: Uh-huh.

12 MR. SEPTER: That's why my first MRI or my  
13 first CAT scan they didn't pay anything because I  
14 paid 20 percent of the first \$4,000, which is my  
15 thousand dollars. They took a \$3,000 discount and  
16 paid nothing.

17 COMMISSIONER VOSS: Uh-huh.

18 MR. SEPTER: So--

19 COMMISSIONER VOSS: Yes, sir.

20 TOM: My question is you said the insurance  
21 companies are supposed to turn over the information  
22 of what the real costs are to the Insurance  
23 Commission?

24 COMMISSIONER VOSS: Could you give us your  
25 name, please?

1 TOM: My name's Tom. I don't want to give  
2 my last name.

3 COMMISSIONER VOSS: Okay.

4 TOM: They'll turn over the information. Is  
5 that required by law right now?

6 COMMISSIONER VOSS: Yes.

7 TOM: And then when was that law enacted?

8 COMMISSIONER VOSS: This last year.

9 TOM: Okay. Now, can it be changed by the  
10 legislature after January 14th?

11 COMMISSIONER VOSS: Well, we've got a couple  
12 of legislators in the room here today, so--

13 TOM: I understand that.

14 COMMISSIONER VOSS: If they want to change  
15 it, they certainly can.

16 TOM: I understand that, but I'm just  
17 saying--

18 COMMISSIONER VOSS: Yes. Yes.

19 TOM: Okay. I might have some other further  
20 questions.

21 COMMISSIONER VOSS: Okay. Okay.

22 Yes.

23 DR. ADDY: Yeah. I'm interested in finding  
24 out how you feel in retrospect about the 18 percent  
25 increase that you okayed last time. What do you feel

1 about that? Do you feel that that percentage was  
2 justified?

3 COMMISSIONER VOSS: I looked at the  
4 actuarial reviews. I thought it was justified, yes.

5 DR. ADDY: Okay. So the last 18 percent you  
6 considered justified?

7 COMMISSIONER VOSS: Yes.

8 DR. ADDY: What is your opinion on this 11  
9 percent?

10 COMMISSIONER VOSS: Well, I haven't seen--I  
11 haven't talked to our actuary, I haven't looked at  
12 the study, and I haven't got--

13 DR. ADDY: You don't have an opinion yet?

14 COMMISSIONER VOSS: I don't have an opinion  
15 yet.

16 DR. ADDY: Okay. I have another question.  
17 Is it possible that these increases are possibly  
18 piling on prior to some kind of regulatory thing? Do  
19 you think that some of that may be going on with this  
20 particular insurance company?

21 COMMISSIONER VOSS: Well, we don't allow  
22 them to use prospective information to set their  
23 rates. It's based on the experience of the group.

24 DR. ADDY: Uh-huh. I have a couple more.  
25 What-- Wait just a moment.

1           So you thought that the 18 percent was  
2 completely justified. Well, I guess I have a  
3 comment-- Well, a question, another question. Do  
4 you feel that your office is overwhelmed by the--by  
5 handling all of the various aspects of insurance,  
6 including health--

7           COMMISSIONER VOSS: No.

8           DR. ADDY: --and the other forms of  
9 insurance?

10          COMMISSIONER VOSS: No. We have an  
11 excellent staff. We have an excellent staff.

12          DR. ADDY: Okay. I thought you said that  
13 you were having some problems with keeping up with  
14 this--

15          COMMISSIONER VOSS: No.

16          DR. ADDY: --your staff was.

17          COMMISSIONER VOSS: No. No.

18          DR. ADDY: Okay. So you're not overwhelmed  
19 with--

20          COMMISSIONER VOSS: No.

21          DR. ADDY: You don't need a separate line  
22 of--

23          COMMISSIONER VOSS: No.

24          DR. ADDY: --help for health?

25          COMMISSIONER VOSS: No.

1 DR. ADDY: Okay. Well, I guess my last  
2 comment is that I hope this increase does go through  
3 because at that point maybe people will realize that  
4 we do need a national health care policy and then  
5 we'll get that voted in.

6 MR. STONE: Or a recallable insurance  
7 commissioner.

8 COMMISSIONER VOSS: Pardon?

9 MR. STONE: Or a recallable insurance  
10 commissioner.

11 COMMISSIONER VOSS: Sir, I'm sorry. The  
12 gentleman there.

13 TOM: I forgot my question. What was I  
14 going to ask?

15 Oh, okay. This is the very first meeting of  
16 this kind, right?

17 COMMISSIONER VOSS: Yes. This is the first  
18 time we've ever done one of these.

19 TOM: Now, barring-- Will they continue to  
20 have these meetings yearly, or will they be barred or  
21 something like that?

22 COMMISSIONER VOSS: The law that was passed  
23 this last session requires that if an insurance  
24 company files a health insurance rate that's higher  
25 than the medical inflation rate set by the Department

1 of Health & Human Services, which right now is at 6.1  
2 percent, we're required to have a public hearing on  
3 that rate.

4 TOM: More than 6 percent?

5 COMMISSIONER VOSS: More than 6.1 percent.

6 TOM: Okay. And they'll announce that every  
7 time in the paper? It won't be because--

8 COMMISSIONER VOSS: Actually, it will be in  
9 your notice from your insurance company when you get  
10 your proposed rate increase. And if it's over 6.1  
11 percent, in your notice for that will be a notice  
12 that there will be a public hearing and what time it  
13 will be and where it will be.

14 TOM: That will be the very-- When you say  
15 a notice from the insurance company, what do you mean  
16 like a notice?

17 COMMISSIONER VOSS: Well, you will get a  
18 notice from Wellmark or Coventry, whomever, that says  
19 when you have a proposed rate increase of 10.8  
20 percent--

21 TOM: Now, the only reason I'm asking this  
22 question, they will be able to make the--make it  
23 notable that it won't be like print that's like  
24 that--

25 COMMISSIONER VOSS: No, no, no. We're

1 working on--

2 TOM: It will be made so that people can  
3 read that?

4 COMMISSIONER VOSS: Yes.

5 TOM: So you can read with bifocals?

6 COMMISSIONER VOSS: Actually, we worked with  
7 the carriers to put a notice together, and after the  
8 feedback from some of our consumer advocates, we  
9 realized it needed some work, so we're actually going  
10 back and redoing it. But, yes, it will be absolutely  
11 right on the front of your proposed rate increase  
12 will be the notice of the public hearing.

13 TOM: I just want it big enough is all.

14 COMMISSIONER VOSS: Yes.

15 MS. DOWD: I appreciated your inclusion in  
16 the Des Moines Register. I believe that that is  
17 actually better--a secondary and really great way to  
18 inform policyholders of hearings.

19 COMMISSIONER VOSS: Sure.

20 MS. DOWD: It's very helpful. I think, for  
21 some odd reason, I never got their letter, and I had  
22 to call up and ask about it.

23 COMMISSIONER VOSS: You didn't get a notice  
24 with your Wellmark--

25 MS. DOWD: Then when I did call I did get it

1 eventually.

2 COMMISSIONER VOSS: Okay.

3 MS. DOWD: But they're not all that  
4 reliable, and I think that your distributing that  
5 information with your own resources is much more  
6 reliable.

7 COMMISSIONER VOSS: Okay.

8 MR. SEPTER: I get more junk mail from them  
9 than I know what to do with, so--

10 MS. DOWD: We get so much marketing.

11 COMMISSIONER VOSS: Well, check our Web  
12 site.

13 Yes, sir.

14 MR. STEVENS: These people are individuals.  
15 They don't have the power of a lobbyist. This is the  
16 first meeting of the kind. It's probably gone on for  
17 years where huge corporations in Iowa have lobbyists  
18 who represent their interests with the insurance.

19 So this, you know, 6.1 percent increase a  
20 year, that seems like, you know, a pretty high  
21 benchmark. That's-- You know, why not make it 1.1  
22 percent, you know, or 3.1, you know, something?

23 So, you know, you're guaranteeing them,  
24 without any recourse, a 6.1 percent increase every  
25 year without any-- I mean, that doesn't keep us--

1           COMMISSIONER VOSS: I don't have any  
2 objection. That's just what the law says. I mean,  
3 I'm just telling you I don't have any objection where  
4 they--

5           DR. ADDY: That's by statute, the 6.--

6           COMMISSIONER VOSS: Yes, it's by statute. I  
7 mean, it's benchmarked to the medical inflation rate  
8 as set by the Department of Health & Human Services  
9 Medicare & Medicaid Bureau. So, I mean, I don't have  
10 any objection.

11          MS. DOWD: Where can we find that figure? I  
12 couldn't find that in all my research.

13          MR. STONE: CMS Web site.

14          COMMISSIONER VOSS: CMS-- Yeah. CMS Web  
15 site.

16          Anybody else? Any other?

17          Mary?

18          MS. O'BRIEN: As a person that has been  
19 following this for a period of time, first of all,  
20 I'd like to thank Commissioner Voss for all of the  
21 work, the hard work, and behind the scenes, that  
22 you've seen since they've been working on this issue  
23 and trying to do what the law tells them that they  
24 need to do, their job responsibilities.

25          That said, one thing I was concerned about

1 today is when we were discussing the new federal law  
2 and the 80/20 with the medical loss ratio, and that  
3 is shortly to take effect, and there was concern in  
4 the audience about, you know, let's really look at  
5 those costs. This isn't building costs. What are  
6 those costs?

7 Evidently, there is an opportunity to ask  
8 for a waiver from the federal government to not  
9 comply with the 80/20. Is Iowa going to ask for that  
10 waiver or are we going to look at the federal law as  
11 it came down spelling out the 80/20 and go forward  
12 with that?

13 COMMISSIONER VOSS: Here is what Iowa is  
14 looking at right now, Mary. We've had six carriers  
15 exit the market in Iowa because they could not meet  
16 the 80 percent loss ratio by 2011.

17 The federal government has said, well, there  
18 may be an instant where a company can't meet it in  
19 '11 but they could meet it by 2014 because that's  
20 when the, you know, mandate for everybody to have  
21 insurance comes in, and so we're going to allow  
22 states, if they want to, to ask for a waiver of some  
23 kind. And whether it's for a blanket waiver so  
24 everybody gets, you know, it waived, or you could  
25 just ask for a certain part of your market.

1           We have some very small carriers in the Iowa  
2 market, and I'm not talking about Wellmark, who  
3 cannot make the 80 percent but would like to stay in  
4 the market in Iowa and service their customers and  
5 still be an insurance carrier. They tell me they can  
6 make the 80 percent loss ratio by 2014 if they were  
7 allowed a period of time to phase in to that.

8           So we're talking about carriers that  
9 probably have less than 3 percent of the market right  
10 now. We're talking about very small carriers who  
11 want to stay in Iowa, who are an alternative to  
12 Wellmark and to the Coventries and the United Health  
13 Cares. So we are contemplating asking for a waiver  
14 of only those companies with a percentage of the  
15 market at a very low single-digit percentage.

16           MS. O'BRIEN: That helps. That would be  
17 only those companies--

18           COMMISSIONER VOSS: Like an American  
19 Republic, for example, and not for people like  
20 Wellmark who already make the 80 percent loss ratio.

21           MS. O'BRIEN: Okay.

22           COMMISSIONER VOSS: So we haven't sent  
23 anything in to the federal government yet. We're  
24 talking with other states. Other states are doing  
25 something very similar. They're going in and seeking

1 a very specific waiver for those small carriers who  
2 want to stay in the market but can't make that loss  
3 ratio right away.

4           And I think, you know, the additional  
5 concern to that, Mary, is if we--if they exit the  
6 market now, once we get the exchanges up and running,  
7 they probably won't come back into the exchange  
8 because they will have been out of the market for so  
9 long, and you may end up with nobody in the market  
10 but three or four very large players and not more of  
11 a market that people can pick and choose.

12           MS. O'BRIEN: Which would really be a  
13 concern, having looked at the Hawk-I program.

14           COMMISSIONER VOSS: So I think we're  
15 just--you know, we're still having an internal  
16 discussion about it right now.

17           MS. O'BRIEN: Okay.

18           COMMISSIONER VOSS: We haven't made any  
19 decisions.

20           MS. O'BRIEN: Okay. Thank you.

21           COMMISSIONER VOSS: Yes.

22           MS. DOWD: So the timetable is that we will  
23 have another meeting on January 6th?

24           COMMISSIONER VOSS: Yes.

25           MS. DOWD: And between now and then you'll

1 consider the comments today?

2 COMMISSIONER VOSS: Yes.

3 MS. DOWD: And then on January 6th, we'll  
4 bring our comments--

5 COMMISSIONER VOSS: Yes.

6 MS. DOWD: --forth. Is there anything that  
7 you would like us to bring to you that would be  
8 helpful? What information can we compile or what  
9 kind of a presentation can we put together that will  
10 help your thought process?

11 COMMISSIONER VOSS: I think for now, I know  
12 that Angel has received a lot of comments and has  
13 been working with some people individually. If you  
14 have an individual issue that goes beyond just making  
15 a comment, you know, Angel is the best person to  
16 contact.

17 MS. DOWD: But--

18 COMMISSIONER VOSS: If there's additional  
19 information about your rate or some issue you have,  
20 you can certainly present it at that time.

21 MS. DOWD: I was hoping to fulfill your  
22 needs, what your issues are and what you need to hear  
23 from us to address the rate hike effectively.

24 COMMISSIONER VOSS: Well, this is very  
25 important to me. You know, the gentleman who kind of

1 talked about his own treatment, those things are very  
2 important, you know, personal experiences, what  
3 you've gone through, because we'll compile all those.

4 I mean, I don't know when the independent  
5 actuary is going to be able to perform their function  
6 as well. So this is kind of unusual that we're  
7 having two hearings on the Wellmark, and the reason  
8 was because, as I think I earlier mentioned, we put  
9 the first one in the middle of the day, which is not  
10 exactly a conducive time for many consumers--

11 MS. DOWD: Right.

12 COMMISSIONER VOSS: --to get off work to  
13 come and testify. So we appreciate you taking time  
14 on a Saturday the week before the holiday to come in,  
15 so--

16 MS. DOWD: Excuse me. And I'll be brief.  
17 So the next meeting is January 6th.

18 COMMISSIONER VOSS: Yes.

19 MS. DOWD: And then after that meeting you  
20 will take into consideration all the comments, and  
21 you will have been approached with the actuarial  
22 study to--

23 COMMISSIONER VOSS: I'll have a review from  
24 our in-house actuary, and then I will wait to hear  
25 from the independent actuary as well and sit down

1 with everything, and we'll review it.

2 MS. DOWD: And so then when would the  
3 policy, the premium hikes, be approved?

4 COMMISSIONER VOSS: I don't know. I can't  
5 give you a date at this point.

6 MS. DOWD: Okay. Because I know last year  
7 they took an extra month. But in terms of  
8 budgeting--

9 COMMISSIONER VOSS: Right.

10 MS. DOWD: --for people, I mean, this is  
11 serious.

12 COMMISSIONER VOSS: Right. No. I  
13 understand.

14 MS. DOWD: And we need to project, be able  
15 to do some financial planning to know what kind of  
16 hit we're going to have.

17 COMMISSIONER VOSS: Right.

18 MS. DOWD: It's a very serious nature, and  
19 it's difficult to work with these unknowns.

20 COMMISSIONER VOSS: Right.

21 MS. DOWD: Wellmark even told me that if I  
22 raise my deductible, you know, just in self-defense,  
23 that I would eliminate my grandfathered position and  
24 then I would be subject to an additional 5 or 6  
25 percent increase.

1           And I said, "Oh, that's very troubling,"  
2 and-- Because I was immediately going to raise my  
3 deductible to 4,200, which is really insane, but I  
4 was going to do that just to afford the premium.

5           COMMISSIONER VOSS: Uh-huh.

6           MS. DOWD: But now, if I did that, then  
7 they're saying I'll get another 5 or 6 percent  
8 because I will no longer be grandfathered. So these  
9 are very troubling unknown variables, and there seems  
10 to be no closure, no impending closure. It's just  
11 something that's out there for an extended period of  
12 time.

13           COMMISSIONER VOSS: Well, my guess is that I  
14 would probably have something by the end of January.

15           MS. DOWD: Okay. You don't need to--

16           COMMISSIONER VOSS: And I'm just giving you  
17 a ballpark.

18           MS. DOWD: You don't need to, though, do  
19 you?

20           COMMISSIONER VOSS: Well, I could come back  
21 and just say no, there's no rate increase, period.

22           MS. DOWD: Okay.

23           MR. STONE: That would be a good idea.

24           COMMISSIONER VOSS: You know, or I could go  
25 back to them and say, based on what we received, the

1 information received, the actuarial, we think you  
2 only deserve a 1 percent. You know, I mean, there's  
3 a lot of variables there.

4 MS. DOWD: If, in fact, they do propose an  
5 additional 5 or 6 percent increase for people who  
6 lose their grandfathered status by raising their  
7 deductible to a certain level, will they have to have  
8 that rate increase approved as well?

9 COMMISSIONER VOSS: If it's under 6.1  
10 percent, the law doesn't trigger a hearing. But  
11 let's-- You know, you may have a special situation,  
12 and, you know, I don't--

13 MS. DOWD: No. It's everyone who raises  
14 their deductible and loses their grandfathered  
15 status, everyone across the board. And that's going  
16 to happen in phenomenal numbers because people can't  
17 afford the premiums.

18 COMMISSIONER VOSS: And another thing  
19 perhaps I didn't make clear at the beginning is we're  
20 talking about the base rate here, which is the rate  
21 that we're reviewing.

22 A lot of you have talked about, you know,  
23 that, really, your rate increase is more than 10.8  
24 percent. And I think you asked for this information  
25 as well. There's other statutory provisions allowing

1 for--

2 MS. DOWD: No. But this would be a base  
3 rate.

4 COMMISSIONER VOSS: --the difference, right.

5 MS. DOWD: They're telling me it's 5 or 6  
6 percent across the board regardless of age,  
7 regardless of gender.

8 COMMISSIONER VOSS: If they do another rate  
9 increase on the base that is higher than 6.1 percent,  
10 well, it would be the new year, it would be the new  
11 inflation rate, it would trigger another hearing.

12 MS. DOWD: But if it's below the 6--

13 COMMISSIONER VOSS: But if it's below it, it  
14 doesn't.

15 MS. DOWD: --they get away with it?

16 COMMISSIONER VOSS: Yes, sir.

17 TOM: I'm rather disappointed that Wellmark  
18 did not show up today. I understand why they  
19 probably might not because they can position  
20 themselves on January the 6th, you know, when  
21 they--the second meeting, you know. They'll know  
22 kind of what answers.

23 And, you know, far as their 6 percent, I  
24 don't know what's--the stock is running for Wellmark  
25 this year, but 6 percent dividend is it this year?

1           COMMISSIONER VOSS: Well, they're not a  
2 stock company so they don't issue stock, so I can't  
3 really-- They're not a stock company like Principal.

4           MS. DOWD: We're all members.

5           COMMISSIONER VOSS: And, you know, I-- This  
6 was kind of an added-on hearing that was not required  
7 under the notice that they sent, so I--

8           TOM: It's not required, but I appreciate  
9 that.

10          COMMISSIONER VOSS: Yeah.

11          TOM: And I appreciate you coming--

12          COMMISSIONER VOSS: Oh, I'm sorry. I'm  
13 sorry.

14          TOM: I appreciate you coming and taking the  
15 time.

16          MS. KAVAN: The second meeting, January 6th,  
17 where is that meeting?

18          COMMISSIONER VOSS: It's at our offices,  
19 which you might want to get a MapQuest. Our offices  
20 are located off of East Fourth Street just south of  
21 the interstate and the Botanical Center on 330 Maple  
22 Street.

23                 So if you turned on East Fourth and just  
24 kept going north until you drive into a parking lot  
25 and the only way you can turn is left, that's our

1 office. We have a blue awning.

2 MR. HATCH: It's in the back.

3 COMMISSIONER VOSS: In the back. It's in  
4 the back of the building. I think they put us there  
5 for a reason.

6 Yes.

7 MS. DOWD: I know that on television, on  
8 Mediacom, they have the planning and zoning hearings  
9 are televised. Would it be possible for this hearing  
10 to be televised?

11 COMMISSIONER VOSS: We're looking into using  
12 the ICN in order to have people around the state. We  
13 didn't get that done in time, and we're looking at  
14 the cost for that. But in the future, they will be  
15 on the ICN.

16 MS. DOWD: That will be great because the  
17 individual policyholders--

18 COMMISSIONER VOSS: Right.

19 MS. DOWD: --are all over the state and  
20 they're farmers and they're everybody everywhere, and  
21 they can't collectively--

22 COMMISSIONER VOSS: Right.

23 MS. DOWD: --get to it, but if you could  
24 televise it, that would be fabulous.

25 COMMISSIONER VOSS: Right. So we're looking

1 at the ICN.

2 MS. DOWD: Thank you.

3 COMMISSIONER VOSS: Uh-huh.

4 DR. ADDY: Commissioner?

5 COMMISSIONER VOSS: Yes.

6 DR. ADDY: What is the term for an insurance  
7 commissioner in the state?

8 COMMISSIONER VOSS: Four years.

9 DR. ADDY: Okay. So with the new governor,  
10 there will be a new commissioner?

11 COMMISSIONER VOSS: No. I believe I'm  
12 being--I'm going to serve out my term through 2012.

13 DR. ADDY: Do you have plans for the future?  
14 Well, I'm just wondering because the insurance  
15 commissioners-- You know, do you have plans?

16 COMMISSIONER VOSS: No, I don't.

17 DR. ADDY: Okay. Are you prevented by any  
18 reason from becoming some kind of a lobbyist for or  
19 going to work for Wellmark?

20 COMMISSIONER VOSS: I believe I am prevented  
21 from lobbying the legislature and the governor--

22 DR. ADDY: On behalf of the insurance  
23 companies?

24 COMMISSIONER VOSS: --for a certain amount  
25 of time--

1 DR. ADDY: Okay. And how about federal?

2 COMMISSIONER VOSS: --and the Division, I  
3 believe, for a certain period of time.

4 DR. ADDY: How about federal?

5 COMMISSIONER VOSS: I don't know what the  
6 federal is.

7 DR. ADDY: You're not-- You don't know?

8 COMMISSIONER VOSS: I don't know.

9 DR. ADDY: Okay. Just conflict of interest.  
10 I'm just always interested in possible conflicts of  
11 interest.

12 COMMISSIONER VOSS: Yeah. That's all right.

13 DR. ADDY: Where does our Consumer--where  
14 does the Consumer Advocate lay in this whole thing?

15 COMMISSIONER VOSS: Well, she's presenting  
16 testimony at the January hearing.

17 DR. ADDY: Is she a portion of your office?

18 COMMISSIONER VOSS: Yes.

19 DR. ADDY: A liaison, so to speak?

20 COMMISSIONER VOSS: Yes.

21 DR. ADDY: And I have another concern, and  
22 that is that I would hope that you do not think that  
23 the opinions in this room have been sort of  
24 anecdotal, that it's Ms. Dowd's--this is Ms. Dowd's  
25 situation, that this is this fellow's situation,

1 because these are really generalized situations.

2 And for you to say to them, well, I know  
3 you've been communicating with so-and-so, you know,  
4 they're not just communicating for themselves. They  
5 are really, indeed, communicating for large numbers  
6 of people.

7 COMMISSIONER VOSS: Oh.

8 DR. ADDY: This is not something-- I mean,  
9 they don't have a pancreatic tumor and, you know,  
10 this is their own little deal and they're standing  
11 up. They're really speaking for a lot of people.

12 How many people do you think that these  
13 folks really represent?

14 COMMISSIONER VOSS: Oh, I'm sure they  
15 represent a lot. I've been in the Division since  
16 1993, and I handled health care complaints for the  
17 first few years I was in the division.

18 DR. ADDY: Okay. Well, very good.

19 COMMISSIONER VOSS: I'm very sensitive--

20 DR. ADDY: You know, I'm at the other end.  
21 I'm a physician.

22 COMMISSIONER VOSS: Yeah. I'm very  
23 sensitive to this, I truly am.

24 DR. ADDY: I, luckily, happily, am not in  
25 their precarious position, but I have, of course, had

1 the experience of having to provide care for people  
2 who cannot afford insurance anymore, who no longer  
3 have the opportunity to pay. And, you know, it's  
4 very--it's heart-wrenching, and, you know, we want  
5 them to stay healthy.

6 I think when you-- I think probably when  
7 you look at what the drivers are, very possibly in  
8 Iowa it's going to be age and end-of-life issues are  
9 really frequent-- You know what happens at the end  
10 of a life. I mean, we do everything.

11 We don't have, you know, the instruments in  
12 place for our real wishes to be taken care of, and so  
13 our health care providers just--everybody goes into  
14 overdrive, and-- Although we do have a good hospice  
15 program, good hospice programs here.

16 But still, the folks who don't have those  
17 kinds of things in place, that's a huge driver for  
18 expense.

19 COMMISSIONER VOSS: Uh-huh.

20 DR. ADDY: I think it's--you know, you're  
21 going to see that it's the last six weeks of life  
22 that take up all the money that we've ever used in  
23 our health care costs. And, of course, our state is  
24 becoming very--is getting older.

25 But-- And I have to thank you for this.

1 You know, I hope I haven't sounded antagonistic, but  
2 I just had some--really had some questions.

3 I would also like to know where I can find  
4 out what the justification for that 18 percent is.  
5 Where can I find that written down someplace--

6 COMMISSIONER VOSS: We can--

7 DR. ADDY: --and see what your thinking was  
8 on it--

9 COMMISSIONER VOSS: Oh, I mean--

10 DR. ADDY: --on okaying that last?

11 COMMISSIONER VOSS: On the last, you  
12 should--we have all of those posted on our Web site--

13 DR. ADDY: Okay.

14 COMMISSIONER VOSS: --all our decisions and  
15 the reviews. So you can look at them there, and if  
16 you have additional questions, you can contact me.

17 DR. ADDY: And I suppose it will be a  
18 similar type of thinking--

19 COMMISSIONER VOSS: Yes.

20 DR. ADDY: --for this next one?

21 COMMISSIONER VOSS: Yes. Exactly. Uh-huh.

22 DR. ADDY: Okay.

23 COMMISSIONER VOSS: Anything else from  
24 anyone?

25 MS. DOWD: Thank you.

1                   COMMISSIONER VOSS: I'll be around here  
2 until, I think, 1 o'clock, so if anybody wants to--  
3 I could use some coffee, but if anybody wants to chat  
4 with Angel, or whatever, we'll be here until 1  
5 o'clock to make sure people have their opportunity to  
6 speak.

7                   So if you want to leave, you can. Thank you  
8 very much.

9                   (Proceedings concluded at 11:40 a.m.)

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C E R T I F I C A T E

I, the undersigned, a Certified Shorthand Reporter of the State of Iowa, do hereby certify that I acted as the official court reporter at the hearing in the above-entitled matter at the time and place indicated;

That I took in shorthand all of the proceedings had at the said time and place and that said shorthand notes were reduced to typewriting under my direction and supervision, and that the foregoing typewritten pages are a full and complete transcript of the shorthand notes so taken.

Dated at Des Moines, Iowa, this 22nd day of December, 2010.

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