

# New York OKs health insurers' rate hikes

Patti Singer • Staff writer • October 23, 2010

Employers trying to contain costs for themselves and their workers in another year of increasing health insurance rates may look for relief in high-deductible plans.

The state Insurance Department on Thursday announced the first set of rates for 2011 under its new system of prior approval. The implications of the rate increases aren't fully known, but employers are thinking about options.

High-deductible plans can cost less because they offer a lower premium. But there's a tradeoff. Instead of having a co-pay, subscribers pay a higher amount up front for services until they reach a maximum. High-deductible plans cover preventive care. Healthier people tend to save money on these plans because they are paying less to begin with and need fewer services, so they don't spend as much out of pocket.

Kathy Betlem, vice president of John Betlem Heating & Cooling, said she would look at those plans for employees. "Last year I didn't think it warranted it. I have to weigh my options every year."

On Thursday, Excellus BlueCross BlueShield was granted a 10 percent to 12.5 percent rate increase for community-rated group plans, commonly used by small businesses.

Excellus was approved for a 5.4 percent increase each on other community-rated products — those purchased directly by individuals, ValueMed and Healthy NY.

Excellus had sought an increase of 10.9 percent to 12.5 percent for its group community-rated plans, and 5.4 percent for the other plans. The rates cover its 39-county area. Community-rated plans account for less than 20 percent of Excellus' business in Rochester.

"The approved rates are close to what we submitted, and they are very competitive in our markets."

spokesman Jim Redmond wrote in an e-mail. He also wrote that Excellus is in the process of letting members know the effects on their premiums.

The announcement of rates for MVP Health Care is pending.

Before prior approval, health insurers could file their rates with the Insurance Department and then implement them. Now, insurers also have to notify customers that they are asking for a rate increase, and consumers have an opportunity to comment.

Whatever increase is granted has to reflect recommendations of Insurance Department actuaries.

The department said that rate-increase requests were reduced on average by 2.5 percent.

Sandy Parker, president and chief executive officer of the Rochester Business Alliance, said the math doesn't add up when raises to employees go up 3 percent and health rates increase 10 percent. "It's still hard-hitting."

Controlling health care costs and insurance rates goes beyond legislation and encompasses prevention, said Joseph Morrelle, D-Irondequoit, chairman of the Assembly's Committee on Insurance who sponsored prior approval.

"We have to get to the point where obesity programs pay off, where hypertension programs pay off. A lot of it has to do with changing our behavior," he said. "... If we do that for five or 10 years, that may have a



We focus on automating Marriott® Hotels' global invoice process. So they don't have to.

Learn more at [RealBusiness.com](http://RealBusiness.com)

xerox  
Ready For Real Business

real impact on lowering health care costs and **health insurance.**"

In the meantime, Bryan Bond, president of Bond Financial Network in Pittsford, said that employers exasperated by repeated double-digit increases see high-deductible plans as an antidote. He said that 80 percent of clients offer a high-deductible plan as a choice.

Bond said that people need to understand that they are trading a lower monthly for higher payments when they need care. These out-of-pocket costs are capped to protect against a catastrophic event.

Keith Williams, area executive vice president at Providium Consulting Group in Perinton, said that 10 percent of clients are offering only a high-deductible plan.

"That number will only continue to grow."

At Betlem, the company pays the full cost of health insurance for the employee, which last year was about \$350 per month. Employees pay the balance of the cost for their family, which last year came to about \$125 per week.

Kathy Betlem said that premium increases hurt the company's bottom line and extra expenses are hard on staff.

The company's open enrollment is scheduled for December.

"I hope to be able to stay as we always have been," she said.

"Health care is very important to a family. I don't want someone to not have it. That's my outlook as a family business, that other families can have what they need."

**[PSINGER@DemocratandChronicle.com](mailto:PSINGER@DemocratandChronicle.com)**

**For more information**

To read what people said about rate increases requested by health insurers in New York, including Excellus and MVP, go to the Comments Received column at [www.ins.state.ny.us/health/prior\\_app/prior\\_app.htm](http://www.ins.state.ny.us/health/prior_app/prior_app.htm).