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Excellus rates rise 5.7 %

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Staff reporter

Citing greater use and higher costs of health care, Excellus BlueCross BlueShield announced that the average premium increase for experience-rated and community-rated plans in the Rochester region in 2010 would be 5.7 percent.

Community-rated plans would see an increase ranging from 10 percent to 18.9 percent. About one in five of Excellus' privately enrolled members locally is community rated. That means premiums are based on the average cost of providing health services to all of the people in a geographic area covered in that pool. Community rating is designed to spread the risk over more people, including those with more health problems.

New York state law requires that companies with 50 or fewer employees be enrolled in community-rated plans.

Most employers offer coverage based on their own claims experience or are self-funded, meaning the employer takes the financial responsibility of paying claims.

It's hard to know what these increases will actually cost individuals. Their costs will depend on which plan their employer selects and the extent to which it shares the cost of the premium.

Nevertheless, "double-digit increases are not good, especially when you look at a year when a lot of employees received no increase in pay and in many cases got cuts in pay," said Sandy Parker, president and chief executive officer of the Rochester Business Alliance.

In 2009, the average premium for an Excellus plan rose 9.5 percent, with community-rated plans having ranged from a decrease of 5.3 percent to an increase of 20.6 percent.

Excellus released the 2010 rates about a month earlier than it usually does. A spokeswoman for MVP Healthcare said that it would release its rates later this month.

Members of the Rochester Business Alliance that participated in a recent survey anticipated rate increases of 12 percent, Parker said. She said that health care costs make up 10 percent of employers' payroll costs.

Bob Relph, owner and CEO of Relph Benefit Advisors of Pittsford, said that containing the costs of premiums will be a challenge. He predicted an increase in cost-sharing, in which the employer shifts more of the cost of the premium to the worker or moves to plans with higher copays or deductibles.

Factors in the Excellus increase include an aging population — the oldest baby boomers are in their early 60s — and more use of hospital services, lab tests and brand-name medications.

State taxes play a role, but not as much as rising medical costs, said Jim Redmond, vice president of communications for Excellus BlueCross Blue Shield in Rochester. He said that for every \$100 increase in premium, \$95 covers medical costs and \$5 covers taxes for 2010. Redmond said that Excellus is not retroactively collecting revenue from taxes levied since 2008.