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MVP announces double-digit premium rate hikes in the Rochester area

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MVP Health Care, the Rochester region's second-largest health insurer, is notifying local employers that next year's premiums for its community-rated plans will rise on average between 12 percent and 25 percent.

The company said most of its members are in community-rated HMO plans, which base premiums on the cost of coverage for all those enrolled.

A company spokesman said some HMO clients might see premium increases above 25 percent and some may come in under 12 percent. This year's community-rated premiums rose on average between 13 percent and 15 percent.

The region's largest insurer, Excellus BlueCross BlueShield, said earlier this month that the average premium increase for its community-rated plans next year will be from 10 percent to 18.9 percent. The overall average increase for all its plans, including experience-rated coverage, will be a more modest 5.7 percent, Excellus said.

MVP on Monday declined to produce an average for its experience-rated plans, which bases premiums on a single company's claims experience rather than on a geographic pool of enrollees. Company officials said the breadth of plans and differences in costs rendered an average meaningless.

"Those plans are group-specific, based on the group's experience, and thus an average has no real meaning," said Michael Traphagan, director of public relations for MVP, a Schenectady-based company that includes the former Preferred Care in Rochester.

The double-digit premium increases for many clients of insurers such as Excellus and MVP come amid debate in Congress over proposals to expand coverage to uninsured Americans and contain health costs, though critics say the proposals don't do enough to rein in costs.

However, any federal legislation passed this year or even next year likely won't affect local insurance premiums in the short term.

Meanwhile, the size of the premium increases continues to cause sticker shock for some local employers. The community-rated increases by both MVP and Excellus for 2010 exceed the averages predicted in a recent Rochester Business Alliance survey of employers, who foresaw an average rise of 12 percent.

RBA President Sandy Parker said health costs make up about 10 percent of a company's annual payroll costs.

In its letter to local employers this week, MVP includes the insurance plans the company offered in

2009, the likely premium increases for those plans in 2010 and three options for reducing costs. Like other insurers, MVP is offering high-deductible plans in which members pay more out-of-pocket and, in turn, see lower payroll deductions for premiums.

"There's been significant movement to high-deductible plans," said Augusta Martin, MVP vice president for marketing innovation. She said MVP has customized its experience-rated and self-insured plans to the extent that there are now as many as 600 insurance products available.

MVP said rising state taxes and assessments, greater use of health services due to uncertainty and anxiety brought on by the recession, and the 9 percent to 10 percent rise in the cost of health care nationally contributed to the premium increases.

Health care needs related to the H1NI flu outbreak were also a contributing factor.

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