

STATE OF IOWA
BEFORE THE IOWA INSURANCE COMMISSIONER

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IN RE: :
: :
THE PROPOSED 2017 HEALTH :
INSURANCE RATE INCREASE :
: :
AETNA OF IOWA, :
GUNDERSON HEALTH PLAN, :
MEDICA INSURANCE COMPANY, :
WELLMARK BLUE CROSS and :
BLUE SHIELD, :
- - - - -X

Mercy College of Health Sciences
Sullivan Center, Room 210
928 Sixth Avenue
Des Moines, Iowa
Saturday, July 23, 2016
10:00 a.m.

BEFORE: NICK GERHART, Iowa Insurance Commissioner

APPEARANCES:

For the Consumer Advocate: ANGEL ROBINSON, ESQ.
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Des Moines, Iowa 50309

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P R O C E E D I N G S

1 THE INSURANCE COMMISSIONER: Good morning
2 everybody. Can you hear me back there?

3 All right. It's working.

4 Good morning everyone. This is the proposed
5 2017 health insurance rate increase public meeting.
6 My name is Nick Gerhart, Insurance Commissioner for
7 the State of Iowa.

8 During this time the companies will have an
9 opportunity to come up and offer some additional
10 comments. The Consumer Advocate is going to offer a
11 summary of the comments the Division has received to
12 this point. Any individual that wants to offer a
13 public comment can do so as well.

14 We ask that in Des Moines, if you want to
15 offer a comment, sit where Angel is and make sure you
16 have the microphone depressed so that we can hear you
17 in this room and also the satellite locations as
18 well. Anyone that's in a satellite location, we'll
19 turn it over to you if you have comments here in
20 Des Moines.

21 The rest rooms are out in the hall, so
22 please excuse yourself appropriately at that time.

23 With that, I guess, Angel, I'll turn it to
24 you for opening remarks, and then I guess you have a
25

1 summarization of the comments for Aetna of Iowa
2 first.

3 MS. ROBINSON: Good morning. So at the
4 start of the hearing the first thing I wanted to do
5 is to go over exactly what we are doing today and
6 what our various roles are.

7 My name is Angel Robinson. I'm the Consumer
8 Advocate for insurance for the State of Iowa. My
9 role in this process is to receive consumer comments
10 under Iowa Code Section 505.19, which was put into
11 place approximately about five years ago.

12 At that time the Legislature and the
13 governor's office agreed that the public needed
14 additional opportunity to be heard when facing rate
15 increases and further meet additional transparency.

16 As part of that transparency process, and
17 part of the process for consumers to participate, all
18 individuals who will be affected by a rate increase
19 that was over the annual health growth rate spending
20 amount as set by the Centers of Medicare and Medicaid
21 would be required to receive letters from their
22 insurance company which provide them with information
23 about how much that proposed rate increase would be.
24 It must be filed and given and sent out to them at
25 the same time as when they give it to the

1 Commissioner and they make the request.

2 It also must include an opportunity for the
3 public to attend a hearing, a hearing held by the
4 Commissioner, in which the public can come and make
5 their comments personally. My role is to also
6 collect those comments in person, by fax, by e-mail,
7 by letter, in any way they wish to provide them.

8 Now, this particular session we had Aetna of
9 Iowa file and they filed at--between 7.1 percent and
10 52.6 percent for all of their health plans. They
11 have approximately 28,103 primary policyholders at
12 the time of filing. The amount of the increase will
13 depend on the geographic rating location of that
14 policyholder, as well as the plan level.

15 The total comments I received for Aetna of
16 Iowa would be 66 this year with 77 percent of those
17 explicitly disagreeing with the proposed rate
18 increase; 74 percent shared that the rate increase
19 and the premium is not affordable; 43 percent were
20 weary of Aetna's annual increases, and 25 percent
21 expressed frustration that they were having to pay
22 high premiums on a plan with high deductibles that
23 they rarely use.

24 In general, the trend that the Commissioner
25 will notice, and the public will notice in reviewing

1 comments, deals with affordability. That is the
2 highest and the majority of the comments for Aetna.
3 Most of the individuals commented that they had seen
4 increases over the years and in many cases they were
5 frustrated because their rates had doubled and they
6 had doubled in a short amount of time, either a year
7 or two.

8 Many of Aetna's customers who shared
9 comments were previous customers of other health
10 insurance companies and they had been priced out of
11 their insurance companies plans, and they had found
12 that Coventry's plans, which is now Aetna of Iowa,
13 were the cheapest for the marketplace. They were
14 concerned that they would be priced out of the market
15 or left insurance poor because of the cheapest plans
16 that were being offered in Iowa were also raising the
17 rates exponentially, then they would not be able to
18 go to any other carriers and have any other options
19 for health insurance.

20 Does the Commissioner have any questions for
21 me at this time in regard to the filing for Aetna of
22 Iowa?

23 THE INSURANCE COMMISSIONER: No, I do not.
24 I guess maybe one question. Do we have a breakdown
25 of exchange plans versus off exchange? Do you have

1 that?

2 MS. ROBINSON: No, that was not shared. The
3 rate filing is for all plans, which would be for
4 Aetna of Iowa, all of their ACA-compliant plans.
5 They have no grandfathered plans in the individual
6 market at this time.

7 THE INSURANCE COMMISSIONER: Thank you.

8 Now, we'll open it up for comments for any
9 consumer at the Des Moines location that would like
10 to offer a comment on Aetna.

11 All right. I don't see anybody. Do we have
12 anybody at one of the off-site locations?

13 MS. LAWRENCE: There's somebody in Atlantic.

14 THE INSURANCE COMMISSIONER: I guess if
15 you're off-site, if you want to comment on the
16 Coventry/Aetna rate filing, go ahead and speak now.

17 Atlantic, I think we see someone there.

18 Cedar Rapids?

19 Columbus Junction?

20 Eldora?

21 Spencer?

22 West Union?

23 I don't see anybody. I guess the submission
24 of public comments from Aetna of Iowa-- guess I see
25 somebody.

1 Dale, do you want to come up and speak?

2 MR. DALE MACKEL: Sure. Good morning,
3 Commissioner, and thank you for the opportunity to
4 speak here this morning.

5 My name is Dale Mackel, and I am the
6 president for Aetna Health of Iowa. I have a
7 prepared statement that will take approximately 10
8 minutes to read.

9 Let me start off by saying as a company and
10 as individuals we are keenly aware of the many
11 challenges related to healthcare today, not the least
12 of which is affordability.

13 Healthcare costs continue to put significant
14 pressure on employers and consumers and represent a
15 significant threat to the U.S. economy. Healthcare
16 spending is on track to grow from \$3 trillion today
17 to \$5 trillion in 2022. This represents 20 cents of
18 every consumer dollar spent and is clearly not
19 sustainable. Accordingly, our top properties as a
20 company continue to be focused on affordability,
21 quality of care, access to care, and member
22 empowerment.

23 I want to briefly comment on a few things
24 regarding our company. Aetna Health of Iowa, as you
25 mentioned, was previously known as, and conducted

1 business as, Coventry Healthcare of Iowa. While
2 Coventry Healthcare's purchase by Aetna in May of
3 2013, the company brand has largely remained in place
4 and we have worked--as we have worked to migrate
5 systems and contracts.

6 Beginning January 1st, 2017, our individual
7 product offerings will efficiently change brands from
8 Coventry Healthcare to Aetna. Please note that the
9 purchase of Coventry by Aetna, as well as the brand
10 name change to Aetna, has absolutely no impact on
11 our rate position.

12 Our company has had a significant presence
13 in Iowa since 1985 and we continue to remain fully
14 committed to the state and citizens of Iowa. We have
15 been a statewide fixture on the Iowa Health Benefits
16 Exchange since the exchange's inception. We have
17 worked closely with the Iowa Insurance Division and
18 the health exchange marketplace to collectively
19 manage the significant market changes that have
20 occurred over the past 36 to 48 months and we look
21 forward to continuing to do so in 2017 and beyond.

22 I want to spend a few minutes talking about
23 our base rate increase request. For 2017 Aetna
24 Health of Iowa has submitted a request to the Iowa
25 Insurance Division to increase base premium rates by

1 an average of 22.8 percent to be effective January
2 1st, 2017. Increases on in-force policies will not
3 be effective until the actual renewal date of those
4 policies on or after January 1st, 2017.

5 The premium rate increase will vary by plan
6 design and metallic tier. Silver tier policies on
7 average are increasing 21 percent. That represents
8 55 percent of our membership.

9 Bronze tier policies on average are
10 increasing 24.9 percent. That represents 38 percent
11 of our membership. And gold tier policies on average
12 are increasing 25 percent, which represents 7 percent
13 of our membership.

14 It is important to note while a change in
15 the base rate will effect the price of health
16 insurance, other factors not reviewed here today can
17 also impact up or down the price of insurance.

18 Examples of these individual rate factors include;
19 how many family members the policy covers and their
20 ages, geographic location, and tobacco status.

21 It is also important to note that the impact
22 of any rate increase, as well as the total premium
23 paid, is dependent on whether or not a member
24 qualifies for advanced premium tax credits in the
25 health exchange marketplace and the size of those

1 subsidies. In the case of Aetna Health of Iowa's
2 individual members, 83 percent of our members have
3 purchased their policies through the marketplace or
4 on exchange, and of those members 84 percent receive
5 some form of premium subsidy.

6 The base rate change in Iowa is generally
7 due to three items, albeit we have filed all factors
8 with the Insurance Division in our full rate filing.
9 The three items are; first, expected increases in
10 utilization and cost of medical services, including
11 prescription drugs. This represents roughly 47
12 percent of our increase. Second, actual claims
13 experience, including the impact of the federal
14 government risk adjustment program. This represents
15 33 percent of our increase. And, finally, changes in
16 government risk protection measures. Most notably,
17 elimination of the reinsurance protective backstop in
18 2017. This represents 4.6 percent of--this
19 represents 20 percent of our increase.

20 As we approach the end of our third year
21 under full enforcement of the Affordable Care Act Law
22 we have gleaned many insights in how our membership
23 uses their healthcare coverage compared to those
24 members on traditional insurance policies, and we
25 have found significantly different healthcare

1 consumption patterns.

2 Specifically Affordable Care Act-mandated
3 policyholders exhibit in-patient bed day occurrences
4 that are 41 percent higher, outpatient procedure
5 occurrences that are 77 percent higher, emergency
6 room visits that are 67 percent higher, and
7 laboratory and radiology services that are 32 percent
8 and 40 percent higher respectively, and high cost
9 claim occurrences defined by claims greater than
10 \$50,000 that are 38 percent more probable.

11 It is important to note that the healthcare
12 consumption statistics just noted are not unique to a
13 given year, but have been consistently displayed
14 across all years of the law's implementation. Thus,
15 while many of us expected the intensity of this
16 consumption pattern to temper, that has not happened.

17 It is also important to note that this
18 outlier consumption pattern and related costs and
19 rate impact is being driven by a very small portion
20 of the population. Specifically, the top 5 percent
21 of spenders drive nearly 60 percent of the cost.
22 This places--this dynamic places a heavy burden on
23 the healthier members to subsidize the sickest
24 members since the law places all members into a
25 common community pool.

1 One last comment regarding medical costs and
2 rates that is important to note has to do with the
3 ongoing misuse of the special election period
4 enrollment opportunity. While CMS continues to work
5 on improving oversight and control of the special
6 election process, many challenges remain with respect
7 to verification of eligibility.

8 These verification loopholes result in
9 several special election enrollees acquiring an
10 insurance policy, having expensive medical procedures
11 performed, and then disenrolling from their policy.
12 This behavior not only has a significant adverse
13 impact on claims experienced, but it's also a key
14 contributor to market instability and must be
15 accounted for in the premium rates that each
16 insurance carrier files.

17 Understanding the burdens health insurance
18 increases place on consumers, I want to highlight
19 what we as a company are doing to try and change this
20 dynamic. First, we are developing new agreements,
21 arrangements and partnerships with healthcare
22 providers that compensate them for the quality of
23 care they provide and not quantity of services they
24 provide.

25 As evidence of this, products aligned with

1 our innovative high value network arrangements are
2 priced on average 15 to 20 percent below our broad
3 network plan offerings.

4 Second, we are creating care management
5 programs that promote provider and member engagement
6 focused on identifying critical conditions earlier
7 which ultimately reduce the need for high cost
8 healthcare services later on.

9 Third, we are designing benefit plans that
10 encourage preventative services, cost-effective
11 treatment locations, and thoughtful prescription
12 formularies to help our members lower their costs.

13 We are also dedicated to increasing
14 transparencies within the healthcare system, as well
15 as helping our members best utilize the plans they
16 have. Transparency ultimately leads to empowering
17 the consumer to make better healthcare decisions.

18 Aetna's transparency tools allow members to
19 conveniently compare prices of specified clinical
20 services at various sites of service which enables
21 them to make more educated healthcare decisions.

22 Ultimately, we believe the rates we are
23 filing for 2017 are, one, necessary for us to
24 continue meeting the healthcare needs of the
25 individuals we serve, and, two, competitive with the

1 products offered by other carriers in the
2 marketplace. In fact, across the State of Iowa Aetna
3 continues to have many of the lowest priced products
4 when compared to other competitor offerings.

5 In closing, Commissioner, I want to
6 emphasize, we do understand the significance of how
7 the cost of healthcare impacts citizens of Iowa, and
8 we are working tirelessly to change that dynamic and
9 make healthcare more affordable for everyone. We
10 recognize that this is not an overnight event, but
11 rather a transformational journey that will require a
12 relentless combination of innovation, adapting to
13 change, rapid learning, and willingness to disrupt
14 the status quo.

15 While we are confident in our rate
16 projection, should actual events develop in a more
17 favorable light relative to our viewpoint, consumers
18 are ultimately protected by the federal minimum loss
19 ratio requirement and would receive premium rebates
20 if minimum medical expense thresholds are not
21 incurred.

22 We are committed to serving Iowa citizens in
23 the long-term and we look forward to working with the
24 State and continue our collaborative efforts with the
25 Iowa Insurance Division as the marketplace and

1 insurance evolve.

2 Thank you again, Commissioner, for the
3 opportunity to speak today.

4 THE INSURANCE COMMISSIONER: Dale, I've got
5 two questions. One, am I correct that Coventry Iowa
6 at that time took over most of the Co-Opportunity
7 health members; is that correct?

8 MR. DALE MACKEL: Correct.

9 THE INSURANCE COMMISSIONER: Has that had an
10 impact on your rate design?

11 MR. DALE MAKEL: Yes, it has.

12 THE INSURANCE COMMISSIONER: And the other
13 question, our actuaries, we talk a lot about is this
14 an Iowa problem or is it outside of Iowa. Your
15 company has a footprint. What are you seeing?

16 MR. DALE MACKEL: There's nothing unique
17 that we're seeing in Iowa. It is a systemic
18 challenge across the nation.

19 THE INSURANCE COMMISSIONER: That's all the
20 questions I had for you, Dale. Thank you.

21 With that, I think we'll close Aetna and
22 move to Gunderson.

23 Angel, is she in the room? Angel, we're
24 going to move to Gunderson's public comments.

25 MS. ROBINSON: Thank you, Commissioner.

1 This morning the comments for Gunderson deal with a
2 19.8 percent rate increase for approximately just
3 over 80 policyholders in the State of Iowa. I
4 received no comments on Gunderson's proposed rate
5 increase from the public.

6 Does the Commissioner have any questions for
7 me?

8 THE INSURANCE COMMISSIONER: I do not.

9 I guess we'll look at our locations
10 starting in Atlantic?

11 Cedar Rapids?

12 Columbus Junction?

13 Eldora?

14 Spencer?

15 Lastly, West Union, anyone there?

16 Do we have somebody from the company,
17 Gunderson Health Insurance, here?

18 Please come forward and introduce yourself.

19 MR. SAM SCHMIRLER: Good morning,
20 Commissioner. My name is Sam Schmirler. I'm a vice
21 president and actuary with Gunderson Health Plan. I
22 appreciate the opportunity to be here today to
23 represent Gunderson Health Plan as a carrier.

24 As you're aware, Gunderson Health Plan has
25 filed a rate increase request for January 2017 for

1 our individual medical plans that averages 19.8
2 percent. This rate adjustment is necessary based
3 upon the medical costs expected for the population
4 that will be covered under these plans. We know that
5 the healthcare coverage and the cost of that coverage
6 effects peoples lives, and that's a responsibility we
7 take very seriously.

8 Let me take this opportunity to discuss the
9 factors that are driving the increase. Although we
10 never want to increase premiums we separate at a
11 level that we think are necessary to cover future
12 claims costs so that we can fulfill our promises to
13 our customers when they need us most.

14 Medical costs, which is the largest piece of
15 the healthcare premium, and medical cost growth is
16 the--are the primary reasons why healthcare premiums
17 increase year over year. At Gunderson Health Plan, a
18 nonprofit health plan, we continually look for ways
19 to appropriately manage healthcare expenses and
20 reduce administrative costs so that we are able to
21 provide affordable care in the State of Iowa.

22 Furthermore, we strive to allow customers to
23 receive the highest quality of care with broad access
24 to doctors and other healthcare providers within our
25 network. We are hopeful that the Department of

1 Insurance will approve our proposed rate level
2 because it is based upon sound actuarial principles
3 and is reflective of the costs expected for this
4 business. The proposed premiums will allow us
5 properly to pay our claim obligations and to continue
6 to provide broad access to quality care within the
7 State of Iowa.

8 Thank you, Commissioner.

9 THE INSURANCE COMMISSIONER: Thank you, sir.

10 I have nothing further for Gunderson.

11 Thanks for being here and presenting that.

12 Angel, now we move over to Medica Insurance
13 Company for presentation of the public comments.

14 MS. ROBINSON: Medica Insurance Company has
15 filed for a 19 percent rate increase on 1,246 plans
16 at the time of filing. We received one comment from
17 the public, and that consumer's comments spoke to the
18 affordability of the health plan. This individual
19 had purchased it on the marketplace and was concerned
20 about ongoing affordability for such a rate increase,
21 nearly 20 percent.

22 Does the Commissioner have any additional
23 questions for me?

24 THE INSURANCE COMMISSIONER: Medica was
25 statewide last year; correct? Every county?

1 MS. ROBINSON: Yes.

2 THE INSURANCE COMMISSIONER: That's all.

3 MS. ROBINSON: It was not in every county,
4 but it had such a large coverage area that we
5 considered it one of our statewide carriers.

6 THE INSURANCE COMMISSIONER: Thank you.

7 Anybody in Des Moines that wants to offer a
8 comment on Medica?

9 Okay. I'll turn it over to Atlantic?

10 Cedar Rapids?

11 Columbus Junction?

12 Eldora?

13 Spencer?

14 And West Union?

15 MR. PETER URBERG: Angel, is it possible to
16 find out how many--

17 THE INSURANCE COMMISSIONER: Hold on one
18 second. We had you on too loud. Just one second,
19 sir.

20 Please identify yourself.

21 Try it now.

22 MR. PETER URBERG: I live in Emmetsburg and
23 I'm asking about Medica.

24 THE INSURANCE COMMISSIONER: Okay. Go
25 ahead, sir.

1 MS. ROBINSON: What was your question, sir?

2 THE INSURANCE COMMISSIONER: Sir, what
3 location are you at?

4 MR. PETER URBERG: This is Spencer, Iowa.

5 THE INSURANCE COMMISSIONER: Okay. Thank
6 you. Go ahead, sir.

7 MR. PETER URBERG: How many people are
8 participating statewide in the Medica program?

9 MS. ROBINSON: There are 1,246 plans that
10 are affected by this rate increase, and there
11 is--it's a rate increase for all of the counties in
12 the plan. So they have just over a thousand in the
13 plan.

14 MR. PETER URBERG: Those are private
15 individuals?

16 MS. ROBINSON: Yes. The hearing is only for
17 individual policyholders.

18 MR. PETER URBERG: Thank you so much, dear.

19 THE INSURANCE COMMISSIONER: Thank you, sir.
20 I'm sorry. Sir, could you give us your name
21 just for the record? I'm sorry.

22 MR. PETER URBERG: My name is Pete Urberg.

23 THE INSURANCE COMMISSIONER: Could you spell
24 it, sir?

25 MR. PETER URBERG: U-R-B-E-R-G.

1 THE INSURANCE COMMISSIONER: Thank you, sir.

2 Do we have somebody from Medica here to
3 offer a comment?

4 Go ahead and please introduce yourself.

5 Remember to push down the mic.

6 MR. JAY McLAREN: Thank you, Commissioner,
7 and thank you for the opportunity to offer some
8 comments. I have very brief comments this morning
9 and members of the public.

10 My name is Jay McLaren and I'm the
11 vice-president of public policy and government
12 relations at Medica. I would open by saying that we
13 do not take the decision of offering a rate increase
14 to our members lightly. It's something that we take
15 very seriously and always want to make sure that we
16 are evaluating the long-term stability of our
17 company, which also relates to the long-term
18 stability of our policyholders rates that we offer.

19 We understand that when we offer a rate
20 increase to our members it's something that impacts
21 their family budgets and their decision making.
22 Again, I just want to emphasize that it's something
23 that we take very seriously.

24 So as a not-for-profit insurance company, at
25 Medica we want to make sure that the rates that we

1 offer, and this is part of our philosophy and goal,
2 is to cover the costs that we have as a company, and
3 then offer a very small operating margin so that we
4 can sustain our business. That's our goal as a
5 not-for-profit insurer.

6 We were--we offered in the letters to our
7 members of this 19 percent rate increase what the
8 breakdown was by three different elements that we
9 identified; one, which the other carriers have spoken
10 to, is medical inflation. This is the rising
11 utilization of services and also the rising cost of
12 those services, which represented about 5.7 percent
13 of our 19 percent rate increase.

14 We also identified something that the other
15 carriers had talked about, which is the federal
16 government no longer having the federal reinsurance
17 program, which represented 4.5 percent of our 19
18 percent rate increase. And then the third element
19 was the unexpected morbidity of our population, or
20 the market in general, which, again, Aetna did a good
21 job of describing in terms of the difference they see
22 pre-ACA and post-ACA, and that represented
23 approximately 8.5 percent of our 19 percent.

24 So with that, Commissioner, I'll turn it
25 back to you and thank you for the opportunity to

1 comment.

2 THE INSURANCE COMMISSIONER: Jay, I guess,
3 one question on that. You're covered in multiple
4 states as well. Are you seeing, again our question
5 is, is this in other states that your company does
6 business in?

7 MR. McLAREN: Thank you, Commissioner. It
8 is in every state that we operate in.

9 THE INSURANCE COMMISSIONER: Those are my
10 only questions. Thank you for coming in for that.

11 Now, we'll turn it over to Wellmark.

12 Angel, presentation of public comments,
13 please.

14 MS. ROBINSON: Good morning. So for
15 Wellmark public comments they are going to effect
16 7,798 ACA compliant plans. I emphasize this because
17 Wellmark is going to have our largest amount of plans
18 in the state and a number of those individuals are
19 grandfathered plans. Those plans are not included in
20 this pool that are affected by this rate increase.
21 The rate increase that they have proposed is at 35.2
22 percent through 43.9 percent for their increase.

23 I received a total of 94 comments prior to
24 this hearing. Of those comments 96 percent
25 explicitly disagree with the proposed rate increase;

1 85 percent dealt with the shared increased premium
2 being unaffordable; 40 percent were weary of constant
3 rate increases from Wellmark, and 38 percent disagree
4 with Wellmark's discretionary spending.

5 Generally the comments from Wellmark express
6 frustration over years of successive high rate
7 increases. Many documented their personal double
8 digit rate increases seen over the years, including
9 30 percent in increases last year. It has led to
10 frustration and many pleas to not make consumers have
11 to choose between basic living expenses, which many
12 shared their own personal stories regarding, and
13 having to choose to pay for health insurance,
14 especially now that it is required by federal law
15 that they in some way participate in health insurance
16 or pay a tax penalty.

17 Repeatedly the comments expressed disbelief
18 over how it could be possible that rates can be
19 requested, let alone at such a high rate from year to
20 year. None of the comments received expressed any
21 support for approving the rate increase requested.

22 Are there any questions for me,
23 Commissioner?

24 THE INSURANCE COMMISSIONER: I read a lot of
25 these comments as well and affordability came up a

1 lot. But we have had some people express that they
2 actually cannot find affordable coverage as defined
3 by the law.

4 Can you kind of give me a definition of how
5 ACA defines affordability, Angel?

6 MS. ROBINSON: Yes. So I think as many
7 would agree what is considered affordable in every
8 day life and for personal use may not be consistent
9 with what the law considers to be affordable.

10 Under federal law an individual is
11 considered to have affordable healthcare coverage if
12 it's going to be approximately under 9 percent.
13 Currently it's sitting at 8.6 percent of household
14 income. For most that's going to be extremely high.
15 So even if an individual will not find that it's
16 affordable for themselves personally, it may not
17 qualify under federal law as unaffordable, which is a
18 gap in the law and not practical for many. And not
19 just for Wellmark policyholders, but for all of the
20 policyholders who have commented during this rate
21 increase process.

22 THE INSURANCE COMMISSIONER: I'm correct
23 that if you can't find it as defined by the ACA you
24 are exempt from the plan; correct?

25 MS. ROBINSON: Yes. That's one of the keys

1 that we would emphasize, is that for individuals who
2 find that they do not have affordable healthcare
3 coverage, there's a number of things that they can
4 do.

5 First, give us a call--give me a call. And
6 if you wouldn't mind, Commissioner, you can share my
7 contact information at the end of this hearing
8 process with the public so they can do so.

9 Basically for individuals that do find that
10 they can't find affordable healthcare coverage or if
11 they think it's taking up too large of a percentage
12 of their income, they can actually apply for a waiver
13 from the federal mandate through marketplace. And
14 with that waiver they will not face any tax penalties
15 if they choose not to have health insurance, or if
16 they take lesser healthcare coverage.

17 THE INSURANCE COMMISSIONER: And what do you
18 mean by that, catastrophic?

19 MS. ROBINSON: There are a number of
20 options, which is why I would encourage individuals
21 to contact me so we can talk through what options
22 they may have. Whether it is splitting up healthcare
23 options for different family members, or if it's a
24 matter of getting your waiver, which would qualify
25 you for what is considered a true catastrophic plan--

1 and catastrophic plans are currently only available
2 for individuals who are under 30, or for those who
3 have unaffordable healthcare coverage. So those who
4 meet the waiver requirements.

5 With the catastrophic coverage they get all
6 the affordable healthcare required benefits, however,
7 their deductible is going to be higher so that their
8 premiums are lower. For a lot of individuals that
9 are already facing very high deductibles, I've seen
10 some individuals facing deductibles as high as \$8,000
11 for plans, or \$5,000.

12 There is a cap in how high a deductible can
13 be under federal law for out-of-pocket costs
14 including what you pay for your deductible. That cap
15 is going to sit right about the same amount, about
16 \$8,600. So basically all the out-of-pocket costs
17 would be paid by the individual until that deductible
18 is met, likely if there is a catastrophic issue.

19 However, one of the things that many of the
20 members of the public do not realize is that under a
21 catastrophic plan they would have access to
22 preventative services with no out-of-pocket costs.
23 This means that they would not have cost sharing and
24 they would not have to meet their deductible and they
25 can have up to three preventative visits per year.

1 THE INSURANCE COMMISSIONER: Thank you.
2 Sorry. When I read those comments I saw a lot of
3 those questions. I thought it would be helpful for
4 the record to have that in the record. Thank you.

5 MS. ROBINSON: Not a problem.

6 THE INSURANCE COMMISSIONER: Now we will
7 open up to public comments here in Des Moines and
8 turn it over to site locations.

9 If there's someone here in Des Moines,
10 please come forward and introduce yourself.

11 Make sure you press down the microphone,
12 sir.

13 MR. MARK SEATON: My name is Mark Seaton,
14 and I've been self-employed since 1998, so I've been
15 having to buy my own insurance since 1998, and I have
16 been a Wellmark customer ever since then.

17 Since that time seven of the eight previous
18 years have been double digit increases. Out of the
19 17 years that I've been with Wellmark, 15 have been
20 more than the 6 percent increase that's been defined
21 as the threshold to actually have this public comment
22 meeting.

23 If I accept the increase that's proposed
24 this year for my family I will have an annual premium
25 of \$24,423.96. I tried to put that in--I tried to

1 put that in terms of something that I could get my
2 arms around. That number equates to \$11.74 per-hour,
3 add taxes on top of that at 35 percent, that's \$15.85
4 per-hour that goes just toward premiums.

5 With all the debate going on about
6 increasing the minimum wage and trying to put that in
7 perspective with \$15--almost \$16 per-hour out of my
8 paycheck goes towards healthcare, compared to what
9 we're talking about increasing the minimum wage to,
10 it just makes this type of an increase look
11 ridiculous.

12 We've continued to throw around the word
13 unsustainable, unsustainable, but we keep increasing,
14 we keep increasing.

15 Again, I tried to put this in perspective.
16 Back in 2009 I looked up what is the cost of a gallon
17 of milk, \$3.58. If I had the same amount of increase
18 on that milk price that I had in healthcare expenses,
19 a gallon of milk in 2017 would cost me \$14.36.

20 What Angel spoke about the waiver, I don't
21 know that I completely heard everything that was
22 being said, something about a 9 percent affordable--

23 THE INSURANCE COMMISSIONER: It's an
24 affordable test as defined in the Act, yes.

25 MR. MARK SEATON: Complete news to me.

1 Never knew about this. If I take and apply that 9
2 percent to the \$24,000 number that I gave to you--

3 THE INSURANCE COMMISSIONER: That 9 percent
4 is based on the modified adjusted gross income. If
5 you make \$100,000 it would be about \$9,000. If you
6 couldn't find coverage for about \$9,000 or less, then
7 you would qualify for that waiver. It's not based on
8 your payment, it's based upon your modified income.

9 MR. MARK SEATON: But your gross income--

10 THE INSURANCE COMMISSIONER: It is about--

11 MR. MARK SEATON: If I take that \$24,000 and
12 apply that 9 percent test to it, that would have to
13 put me at \$271,000 adjusted gross income.

14 THE INSURANCE COMMISSIONER: So you would
15 probably qualify.

16 MR. MARK SEATON: How long has this-- Is
17 this new for 2017?

18 THE INSURANCE COMMISSIONER: No. It's been
19 in the Act for three years.

20 MR. MARK SEATON: Why? How do we not know
21 about this?

22 THE INSURANCE COMMISSIONER: Because it's a
23 monstrosity of an Act that's 3,000 pages long and
24 40,000 pages of regulations. It's that big. I don't
25 know if anyone has actually read the whole thing.

1 Angel has; one person. She found it.

2 MR. MARK SEATON: So she's the one person
3 that knows about this?

4 THE INSURANCE COMMISSIONER: In Iowa. I
5 haven't read the whole thing, but she's our expert.
6 We've had many meetings about this topic where we
7 think 75 percent of the people in this pool probably
8 qualify for that exemption.

9 MR. MARK SEATON: Why haven't insurance
10 agents brought that to our knowledge?

11 THE INSURANCE COMMISSIONER: Yes. I don't
12 know. I don't know if they even know. I mean,
13 honestly, it's buried way deep in there and it's
14 40,000 pages of regulations. I don't know how many
15 agents have read 40,000 pages in their lifetime.

16 AN UNIDENTIFIED MALE: Not having knowledge
17 of the law is no excuse. I mean, that's what I get
18 told when I have--

19 MS. ROBINSON: I'm sorry. We need everybody
20 to speak at the mic because of our court reporter.
21 We absolutely will give everybody a chance to speak,
22 but we have to make sure that anybody who is speaking
23 is at a mic. I apologize.

24 THE INSURANCE COMMISSIONER: Thank you.

25 MR. MARK SEATON: I agree with everything

1 that everybody else has been saying here about that.
2 And I agree with the comment, you know, ignorance of
3 the law doesn't exempt you. I guess it kind of makes
4 me wonder that if this is one of those things that
5 people don't necessarily want to be known.

6 THE INSURANCE COMMISSIONER: Probably.

7 MR. MR. PETER URBERG: And that's sad and
8 that's a big problem. I don't know what effect you
9 can have on that to help that be communicated more.

10 THE INSURANCE COMMISSIONER: Well, we have
11 some plans on talking about how we can actually
12 create different plans that are in this pool. I
13 can't really get into that today. We're working
14 around the clock to figure out is there a solution to
15 what I kind of point to as a new doughnut hole.

16 Over three years ago I was part of a
17 conference downtown. I said that this was going to
18 happen. I said we're going to have a new doughnut
19 hole emerge with people that are above the tax credit
20 limit that are not going to be able to find
21 affordable coverage. If you're getting tax credits
22 you're probably fine. If you're right above the tax
23 credits, you're getting screwed. Sorry. You are.

24 MR. MARK SEATON: I feel it.

25 THE INSURANCE COMMISSIONER: At the end of

1 the day, you're the folks we're most worried about
2 and we're trying to figure out a way is there
3 something that can happen.

4 Mark, you're in a situation-- I would call
5 Angel. You probably qualify for a catastrophic
6 coverage that has some preventative services, and
7 then if something really bad were to happen to your
8 family, you're already paying \$24,000-a-year. Yeah,
9 it might be a better deal for you.

10 MR. MARK SEATON: Oh, absolutely. It would
11 be a no brainer. I'm choosing my words carefully
12 here. I'm upset that I don't know about this for the
13 past three years.

14 THE INSURANCE COMMISSIONER: I mean, again,
15 it's buried in 40,000 pages of regulations somewhere.

16 MR. MARK SEATON: Yeah.

17 THE INSURANCE COOMMISSIONER: I've tasked my
18 staff to really understand this issue. And Angel,
19 she's done a nice job. A couple people back in the
20 home office say here's the problem, but here's
21 something that those people that are in this
22 situation, you might be able to. I thought, well,
23 today is a good day to bring it up and start talking
24 about it.

25 MR. MARK SEATON: But it's 2016 and this has

1 been in place since 2014 and we're just now getting
2 through those pages?

3 THE INSURANCE COMMISSIONER: Well, I've got
4 one person on staff, yeah. In Iowa we didn't write
5 the law, we don't write regulations, we respond to
6 them. I have no control over that. None.

7 AN UNIDENTIFIED MALE: Insurance agents.

8 MR. MARK SEATON: I guess I feel that you
9 haven't been doing us justice as consumers if it's
10 taken three years to--

11 THE INSURANCE COMMISSIONER: Fair enough.

12 MR. MARK SEATON: --to expose this.

13 THE INSURANCE COMMISSIONER: I'm sorry.
14 I'll take it. But...

15 MR. MARK SEATON: Okay. All right. I'm
16 going to move on. I will be calling Angel, as I'm
17 sure everybody else will. I guess we need to take it
18 upon ourselves as consumers to get this word out
19 because we may be the only ones getting this word
20 out. I don't see anybody else trying to do this.

21 I read through the marketing materials that
22 Wellmark had put out on their website and they kind
23 of broke it down in four different categories. Large
24 claims are skyrocketing. Why is that? Are there
25 more sick people or are these people that were not

1 previously able to get coverage two years ago, three
2 years ago, and now they're coming into the plan? Are
3 the costs just going up, and, therefore, more people
4 are rolling over that hundred thousand dollar
5 threshold that they consider to be skyrocketing
6 costs? I think I need to understand that.

7 The special enrollment periods and the abuse
8 that, I think, the Aetna person spoke about earlier
9 is of concern to me. I believe it's the insurance
10 company's job to make sure that that is not abused if
11 it's in the law.

12 THE INSURANCE COMMISSIONER: It's on the
13 exchange. It's all a federal issue. They say here's
14 your new member. That's how it work. One member
15 they have on special enrollment costs about \$12
16 million a year.

17 MR. MARK SEATON: But what I understood from
18 the Aetna gentleman was that the abuse was they
19 weren't always able to follow up and make sure that
20 the claim for the special enrollment was valid, or
21 not.

22 THE INSURANCE COMMISSIONER: Federal
23 exchange was not doing that, correct. Allegedly
24 they've started to do that.

25 MR. MARK SEATON: Okay. The third category

1 was drugs, and I don't have any particular comment on
2 that. But the fourth comment was a few drive costs
3 for everyone. They had written 300 members are
4 driving 25 percent of the cost, which is \$47 million.

5 I had heard from a--I spoke to the office of
6 Joni Ernst, I have also spoken to Bess Evans, who is
7 a, I don't know, healthcare public relations person
8 in the White House in trying to get all kinds of
9 different information and where--where I fit into
10 this whole puzzle.

11 From the representative I spoke to at Joni
12 Ernst's office she said one single individual is
13 causing 10 percentage points of this increase because
14 that one person has claims of a million dollars per
15 month.

16 THE INSURANCE COMMISSIONER: Probably true;
17 one person.

18 MR. MARK SEATON: One person.

19 THE INSURANCE COMMISSIONER: One person,
20 yeah.

21 MR. MARK SEATON: I mean, how-- Do we have
22 no protection against something like that?

23 THE INSURANCE COMMISSIONER: We don't.
24 That's how the Act was written. That one person--
25 In fact, the numbers are 300 people are driving, I

1 think, 70-some percent of the costs; 1 percent.

2 Now, I had my actuaries look at it, tear it
3 apart to see if it's actually happening, and it's
4 true. But that's what the file represented.

5 MR. MARK SEATON: Okay. Again, from the
6 marketing material, understanding the proposed 2017
7 premiums, the reinsurance and the risk corridor,
8 those pieces are going away after 2016. I would be
9 interested in knowing what percentage of the increase
10 for 2017 is because those two things of ACA are
11 expiring.

12 THE INSURANCE COMMISSIONER: We're looking
13 at that. It's our understanding about 5 to 6 percent
14 is probably on that reinsurance piece. The risk
15 corridor, I don't have the precise number, but it's
16 significant. On the risk adjustment, the one that's
17 staying, I had an actuary tell me that Wellmark could
18 ask for an 80 percent increase without that.

19 One of the three is staying, risk
20 adjustment. The other two are going away because
21 it's probably going to be double digits. I haven't
22 seen the risk corridor, but the reinsurance is
23 probably around 5 percent.

24 MR. MARK SEATON: Okay. No. I spoke with
25 John Forsyth last year. I hope I got my facts right.

1 What I'm remembering is that--I mean, Wellmark has
2 never been on the exchange before. I think 2017 they
3 were going to go on the exchange.

4 THE INSURANCE COMMISSIONER: They filed for
5 the exchange in about, Angel, how many counties?
6 Twenty-five counties, I think. They have filed some
7 product to go on to the marketplace. Their new
8 company that they have created by partnering with, in
9 the Des Moines area they are partnering with Mercy
10 Health and Iowa City/Cedar Rapids they're partnering
11 with the University of Iowa. New company, new plans
12 that we think are going to be lower rates.

13 MS. ROBINSON: They will be offering
14 approximately four plans. They will not be Blue
15 Cross Blue Shield plans. They're going to be limited
16 in what areas they will be providing coverage and it
17 will not be the same as what they have or what you
18 currently have.

19 You currently have Blue Cross Blue Shield
20 coverage, which means that you have the ability to
21 access Blue Cross Blue Shield companies and their
22 networks throughout the country and internationally.
23 That will not be the case for these plans.

24 After-- I do not represent Wellmark, but I
25 can tell you that they have chosen to do a more

1 narrow network plan. A narrowed network plan means
2 that they are only going to be providing healthcare
3 coverage within a smaller network and if you go
4 outside that network the coverage will not apply.

5 Very different. I would encourage anybody
6 who has these larger questions to go ahead and just
7 have a conversation with me. I have a whole stack of
8 business cards. I'm happy to pass them around and
9 share them. Commissioner Gerhart, I'm sure, will be
10 kind enough at the end of the hearing to provide my
11 contact information so that the individuals that are
12 at the remote locations can give me a call and I can
13 have quality conversations with you and answer all
14 your questions. It's a good use of my health
15 knowledge, I guess.

16 And then, two, so that we have an
17 opportunity to make sure we get everybody's comments
18 in, basically if you want quick questions for the
19 record, that's great. However, the individuals who
20 can answer a lot of those questions that you guys
21 probably have may or may not be here, and I'm happy
22 to answer those. Unfortunately, having discourse
23 over a microphone is not usually what my consumers
24 wish to do. They usually wish to have conference
25 calls or to have calls with me or them and their

1 families and me more privately. I'm welcoming that
2 and I'm very open to that.

3 MR. MARK SEATON: Not knowing exactly how
4 all this works, I mean, Wellmark not being on the
5 exchange until 2017 to whatever extent, and the
6 reinsurance and the risk corridor expiring in 2016,
7 it makes me concerned, I guess, that as they go on to
8 the exchange a lot more people will come on to the
9 Wellmark plans when these risk adjustment factors
10 have expired.

11 I mean, is that negligence on their part
12 that they haven't gotten into the exchange earlier,
13 gotten these members into a plan earlier, while the
14 risk adjustment factors were in place, and now that
15 they're expired, you know, is this having a negative
16 impact and causing this 42 percent rate increase to
17 be higher than what it would have been if they had
18 been on the exchange earlier?

19 THE INSURANCE COMMISSIONER: They can't rate
20 and file a rate based on any of those facts. It's
21 based strictly on the medical costs and projected
22 trends. They can't do that.

23 I think the bigger point is them coming on
24 now they're going to have more sick members without
25 having the risk adjustment. I will tell you right

1 now the risk corridor didn't work, period, didn't
2 work. That's actually been--

3 MR. MARK SEATON: When you say didn't work--

4 THE INSURANCE COMMISSIONER: So like
5 Co-Opportunity took over. We were projecting
6 \$150-some million recoupment for that. We got, I
7 think, \$16 million.

8 MR. MARK SEATON: So the government was
9 supposed to pay you \$166 million.

10 THE INSURANCE COMMISSIONER: Now we're suing
11 the government over this, yes, to try and collect
12 this. I'm in federal court right now to try and
13 collect that money. Wellmark actually got stuck with
14 the bill for paying for all of the claims that
15 Co-Opportunity paid through that year we had that
16 going on.

17 It's incredibly complex. I wish it were
18 much more simple. It should be. It's insurance, it
19 shouldn't be this hard. At the end of the day they
20 cannot raise, based on recouping the money they paid
21 the doctors through Co-Opportunity. They can't rate
22 for that. They can only project based on the pool of
23 people, the 8,000 plans, whatever it is. That's all
24 they can rate on.

25 Now, if they come in and it's a bunch of

1 sick members, I think their rebuttal would be these
2 are more narrowed network plans, you can only go to
3 the University of Iowa if you're in the Cedar Rapids
4 corridor, or Mercy Health Network here in Des Moines.
5 I don't think they're going to get the same members,
6 but that's how they've decided to do it.

7 MR. MARK SEATON: Okay. Again, in their
8 materials they broke down that there is 1.66 million
9 Iowa Wellmark members, 90,000 are individual members,
10 30,000 are ACA members. I'm assuming the difference
11 between the 90 and the 30 is that there's 90,000
12 grandfathered plans out there that are non-ACA
13 compliant plans.

14 THE INSURANCE COMMISSIONER: It's 60. I
15 think the 90 is total, and I think it's 30 and 60, I
16 believe.

17 MR. MARK SEATON: You know, I've been a
18 member of Wellmark ever since 1998 and I suppose I
19 did myself a disservice by--as rates increased I
20 changed plans within Wellmark, which probably
21 somewhere along the way I fell out of that 60,000,
22 which shame on me. I had no idea what impact this
23 was going to be.

24 How are things pooled? I mean, is my plan
25 pooled in with the ACA?

1 THE INSURANCE COMMISSIONER: You're in with
2 the ACA.

3 MR. MARK SEATON: The 30,000.

4 THE INSURANCE COMMISSIONER: Right.

5 MR. MARK SEATON: And I don't understand how
6 all this works, but to me it would seem like it would
7 be better overall if we were all pooled together in a
8 total pool of 90,000 and spread these costs out more
9 evenly especially knowing you've got one individual
10 out there that's driving a majority of these costs.

11 THE INSURANCE COMMISSIONER: And those
12 transitional plans-- The grandfathered plans can
13 exist in perpetuity. Transitional plans do go away
14 next year. Those folks will come. I've asked my
15 actuary what would the risk pool look like if we
16 assume 50,000 of them came in. We would still have
17 an increase, unfortunately, but it would be less.

18 MR. MARK SEATON: Okay. I think I read that
19 steep increases will effect people who bought
20 relatively new plans to comply with ACA. That's
21 30,000 people. About 90,000 Wellmark customers who
22 hold older individual plans are expected to pay
23 smaller increases, which will be announced in June.

24 I do think it's 90 and 30 based on that
25 comment.

1 THE INSURANCE COMMISSIONER: Yes.

2 MR. MARK SEATON: I'm upset when I hear
3 about these 90,000 getting smaller increases and
4 these 30,000 getting larger increases.

5 THE INSURANCE COMMISSIONER: I understand
6 that.

7 MR. MARK SEATON: And the increases proposed
8 don't effect the Wellmark customers who have coverage
9 through their employers, these premiums are expected
10 to increase less. Why?

11 THE INSURANCE COMMISSIONER: Because the
12 employer market is performing much better. If you
13 want to solve healthcare you almost have to get rid
14 of the employer market. Have everybody in one pool.

15 MR. MARK SEATON: What do you mean by the
16 employer market?

17 THE INSURANCE COMMISSIONER: A lot of plans
18 are self-insured group plans or small group plans,
19 and the actuarial experience is much better. The
20 claims are not nearly as high.

21 MR. MARK SEATON: You say get rid of
22 employer market to make this work better. It seems
23 like that's working better than the individual
24 market.

25 THE INSURANCE COMMISSIONER: The employer

1 market is working much better, absolutely, much
2 better.

3 MR. MARK SEATON: Is there anything we can
4 learn from that?

5 THE INSURANCE COMMISSIONER: I guess on
6 average if you have a job and work full-time you're
7 healthier than some of the folks that aren't. That's
8 what the experience has shown.

9 MR. MARK SEATON: Unless you're
10 self-employed.

11 THE INSURANCE COMMISSIONER: Unless you're
12 self-employed.

13 AN UNIDENTIFIED WOMAN: That's
14 discrimination. That's not right.

15 THE INSURANCE COMMISSIONER: It's the law.

16 MR. MARK SEATON: So then staying with the
17 30,000 number, I mean, Angel came up here and said
18 this rate increase effects 7,798 ACA plans. There is
19 30,000 ACA complaint plans, members.

20 THE INSURANCE COMMISSIONER: I think that's
21 plans versus members. Right, Angel?

22 The plans would be--

23 MR. MARK SEATON: I have coverage covering
24 three people right now.

25 THE INSURANCE COMMISSIONER: That would be

1 7,000 plans, but yours would have three members.

2 MR. MARK SEATON: When I talked to John
3 Forsyth last year he said Wellmark plans to reduce
4 administrative expenses by about 25 percent over four
5 years and any admin increases that are asked for are
6 just to break even.

7 So to me it came a bit of a shock that the
8 admin was going up 2.8 percent. I would take it, and
9 I would ask, I guess, Wellmark, it sounds like that
10 four-year plan is not working and what are they doing
11 to fix that.

12 I listened to the Aetna reps that said,
13 which was formerly Coventry, Coventry went up 17
14 percent last year, Aetna is 22.8 percent this year.
15 That compares to Wellmark going up 26 percent last
16 year and 42 percent this year. Gunderson went up 9.4
17 percent last year, 19.8 percent for 2017. Again,
18 Wellmark 26 and 42. Medica's going up 19 percent in
19 2017. I don't have their numbers for 2016.

20 Why is there such a difference? I mean, is
21 Wellmark just that poor at handling things or does
22 Wellmark attract sick people?

23 THE INSURANCE COMMISSIONER: They have the
24 biggest-- I'm sorry. They have the biggest network
25 on these ACA plans. Correct, Angel? They are being

1 selected for that. Probably the brand they have in
2 the state as well. Their experience is materially
3 worse. They lost about \$1.25 or \$1.27 last year for
4 every dollar they collected on individual premiums in
5 this market. I think their experience is
6 demonstrating that they are collecting more sick
7 members on average.

8 MR. MARK SEATON: It seems to me--

9 THE INSURANCE COMMISSIONER: Sorry, Mark.
10 But also, like the representative from Aetna said,
11 they have more narrowed plans as well. Their plans
12 are a little bit differently designed. That's a lot
13 of it.

14 MR. MARK SEATON: It seems to me that I
15 should get out of Wellmark and go elsewhere.

16 THE INSURANCE COMMISSIONER: You should
17 look. Everyone should shop. I mean, Angel would
18 tell everybody here today, look around and see. See
19 if affordability works for you and your family, Mark.
20 See if you just self-insure up to what that big
21 deductible is. That might work for you in your
22 situation, Mark.

23 MR. MARK SEATON: I know that I went out on
24 the exchange last year, last fall, and put in all the
25 factors that you have to put in. The only things

1 that came up for me was Medica.

2 THE INSURANCE COMMISSIONER: I'd talk to
3 Angel. She'd be happy to spend some time and help
4 you with that.

5 MR. MARK SEATON: Okay. The other thing
6 that John mentioned to me last year, physicians were
7 not practicing to clinical protocols, only 25 to 33
8 percent. He was using cardiology as an example. I
9 think the 25 to 33 percent that he was referencing
10 was 25 percent national and 33 percent in the State
11 of Iowa. Iowa was doing better than the nation was.

12 What this meant was that the physicians in
13 the cardiology area, only 33 percent of the time were
14 recommending the procedures that were according to
15 the clinical protocol. They were causing an increase
16 in healthcare expenses.

17 Who is responsible for controlling that? Is
18 it not insurance companies?

19 THE INSURANCE COMMISSIONER: They're
20 supposed to be trying to. That's their job. That's
21 why you have prior authorizations, and things of that
22 nature to happen. That's who's supposed to be doing
23 that.

24 MR. MARK SEATON: Okay. I was here last
25 year when we had the 26 percent rate increase. We

1 had basically the same number of people in the room
2 last year. There was questions about, you know, why
3 don't more people come. And I think the reason, as I
4 said last year, because we suspect you're going to
5 just approve it as is.

6 THE INSURANCE COMMISSIONER: Last year we
7 did knock it down some. We're going to look at this.
8 I've got outside actuaries that we rely on that work
9 only for the Division and they are going through this
10 right now.

11 MR. MARK SEATON: I believe, you know, the
12 pendulum is swinging here. People that were
13 previously not able to afford healthcare and were
14 sick now can afford healthcare. The people that
15 previously could afford healthcare and were
16 relatively healthy are going to be jumping ship.

17 THE INSURANCE COMMISSIONER: And it will get
18 worse probably, unfortunately. The risk pool will
19 probably get worse.

20 MR. MARK SEATON: And I spoke last year
21 about calling this a death spiral, and I believe it
22 is. We're just spiraling down to a huge problem in
23 this economy. My family personally, I believe, is at
24 kind of a crossroads. We're relatively healthy. I'm
25 self-employed. I'm at the point where I need to make

1 a decision, do I continue to be self-employed? Do I
2 continue to pay almost \$16 per-hour out of my
3 paycheck for healthcare expenses? Do I stop doing
4 what I've been doing since 1998, go find a job that I
5 can get inexpensive healthcare insurance. The impact
6 of that is going to be--

7 THE INSURANCE COMMISSIONER: Small business.

8 MR. MARK SEATON: Well, it's a small
9 business, but it's also unemployment. If I go back
10 into the workplace like that, I'm taking a job that
11 somebody else could have had. More people do this
12 it's going to move up the unemployment rate.

13 The other things I'm considering are do I
14 just drop health insurance, pay the penalty, pay the
15 tax penalty. I calculate this every year and say
16 where is my break even.

17 THE INSURANCE COMMISSIONER: I remember you
18 saying that last year.

19 MR. MARK SEATON: Yeah. You know, the rate
20 increase is, even with the penalty increase going up,
21 this rate increase, I believe, is going to make it
22 more cost-effective for me to not have insurance than
23 to have insurance.

24 THE INSURANCE COMMISSIONER: I mean, I think
25 that could be a rational decision, unfortunately.

1 MR. MARK SEATON: But I have talked to
2 several people on this. Do you want to, at 53 years
3 old, potentially risk your life because you could
4 tomorrow be in an auto accident, you could come down
5 with a serious health issue, and then you're risking
6 your life, you're risking your family's life. You'll
7 drain whatever savings you have.

8 Unlike the Government, there's a finite
9 amount of money in my household. If I need to
10 increase my payment of health insurance from \$17,000
11 to \$24,000, there's \$7,000 of something else that has
12 to go. And it's going to be those things that
13 are--you know, that you can give up. You got to
14 shelter your family. You got to feed your family.

15 Am I going to reduce my charitable giving?
16 Probably. Am I going to reduce entertainment
17 options, which drive the economy, people going out
18 and putting money into the economy?

19 People talk a lot about Social Security and
20 Medicare going bankrupt in the next 10 years. I
21 honestly believe healthcare will be a bigger concern
22 and a bigger drag on this economy in the next one,
23 two, five years.

24 THE INSURANCE COMMISSIONER: I think five
25 years or less.

1 MR. MARK SEATON: That Social Security and
2 Medicare are the least of our worries right now.

3 While this is a huge issue from a medical
4 expense standpoint, from a health insurance
5 standpoint it is every bit as much a political
6 standpoint. Whether you like any of the candidates
7 in the race, or not, you know, November is going to
8 be a critical point for us and how our--the candidate
9 that you choose for office is going to address
10 healthcare expenses.

11 I plead with the Iowa Insurance Commission
12 to do your job, make sure these rate increases are
13 valid and that, you know, there's nothing else that
14 these companies can do other than raise their rates.
15 You need to be more stringent than you've ever been
16 before in digging into this. This is going to become
17 a very serious issue.

18 Wellmark needs to do their job. I have read
19 their marketing materials about new networks, new
20 simplified plan design, improved shopping experience.
21 Right now all that's just words on paper. I need to
22 see just how that translates into dollars and cents.
23 I need to understand this waiver thing and see if it
24 applies to me. This is new information. And we, as
25 consumers, we've got to do our job, too. We've got

1 to be able to ask questions about procedures and tell
2 the physicians that we don't think that that's
3 necessary.

4 You know, November is rolling around and we
5 also need to do our job and put the person in
6 office--if health insurance is a big issue to you,
7 put the person in office that's going to fix this for
8 you.

9 THE INSURANCE COMMISSIONER: It needs to be
10 fixed.

11 MR. MARK SEATON: It needs to be fixed.

12 THE INSURANCE COMMISSIONER: Thank you,
13 Mark.

14 Anybody else in Des Moines? Please
15 introduce yourself.

16 MS. KATIE GERATY: My name is Katie Geraty.
17 I share many of Mark's concerns and sentiments. I'm
18 a mother of a family of four. Our policy will be
19 \$27,000-a-year with these proposed rate increases. I
20 have also been a member of Wellmark Blue Cross and
21 Blue Shield for 14 years, and that has included both
22 being self-employed, as well as working for a
23 company, but they were my provider of choice.

24 I made the fatal error of leaving my job to
25 start an entrepreneurial venture two years ago, so

1 have been included in this pool of 7,000, that seems
2 to be overly burdened with whatever you would call
3 it, filling the gaps or paying for some of the
4 increases disproportionately. I don't know the right
5 term.

6 But I would plead with you not to rubber
7 stamp this and approve it. I realize that we all
8 collectively need to keep moving forward and find a
9 solution that works for the majority and for
10 everyone, but it seems at this point in time that it
11 is overly burdened on a small percentage of people to
12 cover for those increases. It doesn't seem like an
13 equitable solution for doing that. That is what I'm
14 asking for.

15 I would also add that the State of Iowa is
16 awesome and the growth that we're seeing is
17 incredible, and the encouragement for entrepreneurs,
18 for people to start their business and create new
19 energy is the future. If the corporate plans are
20 working we need to figure out how to translate that
21 to the individual market because contractors and
22 freelance, and all of those things, are not going to
23 go away, they will continue.

24 People shouldn't be beholden to a company to
25 keep their jobs so they keep their health insurance,

1 the two should be separated.

2 THE INSURANCE COMMISSIONER: I agree,

3 MS. KATIE GARETY: Thank you.

4 THE INSURANCE COMMISSIONER: Anybody else in
5 Des Moines?

6 How about him first and then you, sir.
7 Sorry. Either one. Please introduce yourself and
8 press the mic.

9 MR. GARY DELONG: I'm Gary Delong. I'm vice
10 president of Degart Global, a small consulting and
11 auditing firm here in Iowa. We travel globally doing
12 our work. My wife and I are here today to address
13 the Commission.

14 One of the things that we would like the
15 Commission to take a look at is that what is being
16 done nationally to address the issues. I'm not
17 really blaming the insurance company as much as the
18 healthcare system. That's what I think we need to
19 address.

20 I think the first gentleman addressed it
21 correctly. If I stated numbers our numbers are very
22 similar. We are independent, both of us are paying
23 the highest deductible, \$6,500-a-year for both of us.
24 So if we're in a car accident together we would be at
25 \$13,000 before starting over.

1 We have to-- We're paying \$17,000-a-year in
2 health insurance. And because of our age group,
3 we're getting higher and higher increases. We just
4 approached 60, and so we're in that higher age group
5 activitywise.

6 One of the things that we would like the
7 Commission to take a look at is what is happening not
8 only in this state, but is happening nationally, and
9 join as groups and address this in--I agree that it
10 needs to be addressed legislatively on the standpoint
11 of activities of how can your standing--a lot of our
12 companies we take care of and individuals that we
13 work with are facing the same issues.

14 In fact, some are going back to work with
15 the advent of becoming unemployed because of that,
16 because of our age group being let go heavily because
17 of younger groups. What's happening here in Des
18 Moines with some of the major companies merging, and
19 stuff, it's the age group that we are in is being
20 unemployed very rapidly.

21 We're now becoming a burden to the state.
22 We don't want to be that way. So there again-- Also
23 too talking with the-- We were promised a healthcare
24 system that was more affordable that people would
25 join, that has not happened. We are now learning,

1 like most people in here, about waivers that we
2 didn't know about.

3 We've been to all the insurance companies
4 here that's on the list today about--and their plans,
5 and so we do the best job we can of saying we'll take
6 the high deductibles and reduce our healthcare risk.
7 Are we, as a healthcare industry, addressing the root
8 cause of the problem of really increasing healthcare
9 costs with--to be unaffordable.

10 Like the first gentleman talked about, this
11 is not sustainable. We're--we cannot expect to have
12 the Medicare system take over and take care of us.
13 We cannot expect that. It will be bankrupt before we
14 get there.

15 There again, that-- My plea to the
16 Commission is take a look at this not only as a state
17 problem, but a nationwide issue. Why aren't
18 insurance companies entering into lobbying and
19 activitywise against this healthcare program that's
20 unfairly burdened people that are healthy
21 activitywise, and hopefully address their problems on
22 a nationwide basis instead of a state by state.

23 THE INSURANCE COMMISSIONER: Fair enough.
24 We are looking at other states. We are involved in
25 the national dialogs.

1 MR. GARY DELONG: Right. And I appreciate
2 you taking the effort of standing up for your rights
3 and actually suing the Government for what you have
4 coming to you. I appreciate you taking that as
5 incentive.

6 THE INSURANCE COMMISSIONER: Okay.

7 MR. GARY DELONG: Our plea is to take a look
8 at this root cause of the problem, not just look at
9 it, we're going to accept these rate increases every
10 year.

11 Thank you very much for a chance to speak.

12 THE INSURANCE COMMISSIONER: Thanks, Gary.
13 Go ahead, sir.

14 MR. ROBB VANNOY: My name is Robb Vannoy.
15 My wife and I are both self-employed. I've been a
16 self-employed consulting engineer since 1992, and my
17 wife, for the past 10 years, has had her own
18 business, too. She's away on a business trip for the
19 next 10 days.

20 Our situation pretty much follows Mark
21 Seaton's. We are paying a high deductible, actually
22 an HSA plan, individual plan, so each of us can get
23 an HSA, Health Savings Account.

24 Our costs are going up just for the premium
25 from \$15,000 to about \$19,000 based on the proposed

1 increase by Wellmark.

2 I appreciate the other insurance companies
3 having a rep here and explaining their situation.
4 I'm disappointed that Wellmark doesn't have anybody
5 here today.

6 As far as preventative healthcare, people
7 are just withholding going to the doctor when they
8 have something major because they know they're going
9 to have to pay a lot in their high deductible
10 healthcare programs. Eventually, you know, when they
11 do seek medical treatment, you know, it's going to
12 cost a lot of money. Preventative is not working
13 according to, you know, the way it's supposed to.

14 We probably fall into that 9 percent, over 9
15 percent level, so I'm going to check with Angel. I
16 really appreciate Mark Seaton coming and talking,
17 wow, with a lot of good information he's provided.

18 I just think the Affordable Care Act, they
19 should change the name to unaffordable care act.
20 That's all I have.

21 I concur with Mark, come November's
22 election, keep this in mind as far as what we've got
23 now and based on the candidates that are running for
24 president and offices. Vote accordingly. Thank you.

25 THE INSURANCE COMMISSIONER: Thank you.

1 Anybody else in Des Moines that wants to
2 offer a-- Go ahead, sir. Come on up. Come forward.

3 Yeah, hold that down.

4 Introduce yourself.

5 MR. JACK BURKHALTER: My name is Jack
6 Burkhalter, B-U-R-K-H-A-L-T-E-R. I'm a retired
7 teacher. I live in Ames.

8 THE INSURANCE COMMISSIONER: Make sure you
9 press it.

10 MR. JACK BURKHALTER: Sorry. The first
11 thing, I thought the parking lot and the ramp would
12 be full. I'm very surprised at the lack of people
13 here.

14 I have my health insurance through Wellmark
15 Blue Cross Blue Shield also. It was nice to see the
16 reps and the president of Aetna and the reps from the
17 other two companies be here and speak. It kind of
18 surprised me. I thought they would be here for the
19 duration of the meeting. As soon as they said their
20 piece, they got up and left. I thought maybe they
21 could have answered some questions that maybe you or
22 Angel couldn't have answered. I'm really surprised
23 that John Forsyth is not here. I've talked to John
24 Forsyth before myself.

25 Everybody uses this word unsustainable. The

1 president of Aetna used that today. You hear this.
2 What's your opinion, is the way it's going, is it
3 unsustainable?

4 THE INSURANCE COMMISSIONER: No, it's not.

5 MR. JACK BURKHALTER: It's not
6 unsustainable?

7 THE INSURANCE COMMISSIONER: No. It's not
8 sustainable. It is unsustainable. You're a teacher.
9 You corrected me. Good job.

10 MR. JACK BURKHALTER: I'm retired. I was a
11 math teacher.

12 THE INSURANCE COMMISSIONER: You're smarter
13 than I am.

14 MR. JACK BURKHALTER: My wife's policy--
15 You know, they talk about 42.6 percent. In her case
16 it's going to go up 56 percent, according to the
17 letter that Wellmark sent me, for '17. This is a
18 lady that's 48 years old. She's younger than I am.
19 She has no health issues. We currently have an HSA
20 high deductible plan, \$5,500 out-of-pocket. You pay
21 that before you get anything. She's not on any
22 medications. She has no bad habits. She's under the
23 normal.

24 Anyway, I read this letter that Wellmark
25 Blue Cross sent. It says Iowa Insurance Commission

1 will deny, approve or negotiate a lower rate. Well,
2 apparently they're going to be able to handle
3 whatever you tell them.

4 THE INSURANCE COMMISSIONER: I don't know if
5 that's true. They've lost a hundred million dollars.
6 If it's not right, we'll push back pretty hard.

7 MR. JACK BURKHALTER: Well, I'm asking you
8 to deny it.

9 THE INSURANCE COMMISSIONER: I don't know if
10 they'd offer products, sir. I really don't.

11 MR. JACK BURKHALTER: Well, that's going to
12 happen anyway.

13 THE INSURANCE COMMISSIONER: It might some
14 day.

15 MR. JACK BURKHALTER: You said that. How
16 can you--48, 32 in her case, again, no health
17 concerns, high deductible policy. It's kind of
18 crazy. Being a high school math teacher I was
19 satisfied with my salary, but I didn't make anything
20 like the John Forsyth or the president of Aetna, or
21 this kind of thing. I've got a little savings.

22 When I saw this I almost get to wondering, I
23 don't need a lot of recreation, I don't take a lot of
24 trips, I kind of enjoy Iowa. I enjoy my family and
25 everything here. I thought maybe I ought to just

1 drain all my accounts and give it to whoever I want
2 to give it to and be done with it. Drop insurance;
3 okay? So if I get sick then what happens? I guess
4 like other people you hear about, you go to Mercy and
5 say I'm sick, take care of me.

6 THE INSURANCE COMMISSIONER: Have you
7 looked--

8 MR. JACK BURKHALTER: It's kind of crazy to
9 think about that.

10 THE INSURANCE COMMISSIONER: Have you looked
11 at tax credits? I don't know your financial
12 situation. Again, talk to Angel. There might be a
13 better and more affordable option for you.

14 MR. JACK BURKHALTER: Here again, except for
15 Angel and you, I guess, we didn't know anything about
16 this, but I haven't read all the pages of the tax law
17 either.

18 I don't want to waste a lot of time. I
19 guess Wellmark Blue Cross and Blue Shield, they said
20 you can deny, approve or negotiate. I would like to
21 have you deny it and just see what happens.

22 I mean, I would have felt a little bit
23 better--whoever this letter, Wellmark Blue Cross and
24 Blue Shield, I would have felt a little bit better
25 instead of administrative fees going up 2.8 percent

1 they said we're going to lower it by 3 percent.
2 Maybe John Forsyth might have to give up a million
3 dollars of his salary. At one point I knew what it
4 was. It's multi-millions. Maybe some of the
5 employees would have to take lesser salary. The way
6 it's going people are going to lose their jobs and
7 not have any salary.

8 I know it's a little thing, small potatoes.
9 I've tried to be conservative my whole life. I have
10 no debt. Haven't had any debt for most of my life.
11 I don't have a rich dad, but I've just kind of saved.
12 I remember my father-in-law saying if you don't have
13 the money for it you don't need it. I know that
14 doesn't work in all cases. I have no debt. I drive
15 a '96 Ford pickup with 170,000 miles, a '95
16 Oldsmobile with 250,000.

17 Anyway, I could buy newer stuff, you know.
18 You try to be conservative through your whole life
19 and now you see you're being conservative and saving
20 a little bit, it's a little bit, it's just gradually
21 going downhill, downhill and downhill to the point
22 where you're thinking, hey, better give it away to
23 the kids now and grandkids and just deal with not
24 having insurance and see what happens. I'm in good
25 health, too. I don't have any health issues. I

1 don't have no medication.

2 I'm just asking, if it's unsustainable we
3 see--with those kinds of percentages, it's going to
4 end sometime. Why not say no. You guys come back
5 and tell me what you're gonna do.

6 I mean, this is-- The big facility Wellmark
7 Blue Cross and Blue Shield had built down here by the
8 big park, you know, I've been in it. I've been in
9 it. I went in. The employees have a real nice
10 gymnasium, and I don't know what that cost in there.
11 I understand the idea of it, you want to keep your
12 employees healthy. But why not let those people pay
13 for their own gym fees and close that thing down. I
14 don't know what it costs them a year to maintain
15 that, but little things add up, at least they do in
16 my case. If I was making multi-millions maybe I
17 wouldn't worry so much about it, but I'm not.

18 Anyway, I'm asking you to deny it.

19 THE INSURANCE COMMISSIONER: Thank you,
20 Jack.

21 MR. JACK BURKHALTER: One thing I will say
22 about John Forsyth. I'm a little bit disappointed.
23 I started trying to call to talk to you personally
24 about two months ago. I was basically told I
25 couldn't talk to the Iowa Insurance Commissioner.

1 THE INSURANCE COMMISSIONER: I don't know
2 who you talked to. I answer my own phone, so I'll
3 give you my number, (515) 281-4409. I answer my own
4 phone. You can call any time.

5 MR. JACK BURKHALTER: I talked to
6 secretaries along the way. They said they would take
7 my--and I said, well, just leave him the number and
8 just tell him I would like to talk to him personally.
9 Born in Iowa, lived in Iowa my whole life, worked
10 here.

11 I finally did talk to an advocate. The
12 first one I asked to talk to was not in the office,
13 so I left a message. Two weeks passed, I called
14 back. And then Dawn did call back. She was the
15 first one I talked to, and took my concerns. I heard
16 you were out of the country. I talked to-- My wife
17 is actually in Romania right now. She's a U.S.
18 citizen visiting relatives. I talk over in Eastern
19 Europe for 13 cents a minute. Even if you're out of
20 the country I assume you're still taking calls.

21 I know you're busy.

22 THE INSURANCE COMMISSIONER: I don't know
23 who you talked to. I'm just telling you I did not
24 get your message.

25 MR. JACK BURKHALTER: Well, I talked to your

1 secretary. I don't remember her name. I went as far
2 as your secretary, whoever that is. I didn't get to
3 talk to Governor Branstad either. I talked to Leo
4 and...

5 THE INSURANCE COMMISSIONER: I talked to
6 four people this week on this issue and called in
7 person.

8 MR. JACK BURKHALTER: Well, I'm going to
9 leave it here. But I'm just concerned and I just,
10 you know, maybe Wellmark Blue Cross and Blue Shield,
11 and all these, have reasons for wanting these raised,
12 but it can't keep going like this. Why not you be
13 the one that puts the brakes on, just say real simple
14 deny and see what you can do.

15 THE INSURANCE COMMISSIONER: Thank you.
16 Anybody else in Des Moines? We'll go now off to the
17 sites but-- Well, go ahead, sir. Sorry.

18 We are going to stay in Des Moines, sorry,
19 for one more.

20 MR. DENNIS FOTHERGILL: My name is Dennis
21 Fothergill, and I have been a Wellmark customer for
22 quite a few years, probably well over 20 years. And
23 maybe I missed it in this conversation today, but my
24 question is just real simple, I understand why the
25 cost of insurance is high because it costs quite a

1 bit to cover the expenses of hospital care.

2 That leads me to the other question, why is
3 the hospital care as high as it is? An example would
4 be my wife spent two hours at a hospital in Ottumwa
5 where I live last November and for two hours it cost
6 her over \$8,000. What are we doing to address that
7 side of the equation?

8 THE INSURANCE COMMISSIONER: That's a good
9 question. I would tell you we haven't addressed it.
10 We've looked at the insurance, the insureds. It's a
11 math issue. They have to price it and they have to
12 pay out certain amounts. We have not addressed the
13 healthcare spending, in my opinion.

14 MR. KEVIN FOTHERGILL: Don't you suppose
15 that is one of the largest bits of that equation and
16 maybe someone should take a look at it?

17 THE INSURANCE COMMISSIONER: We've talked
18 about it in D.C., especially drugs and drug
19 manufacturing, the cost of care, going into the
20 hospital, all that.

21 MR. KEVIN FOTHERGILL: To me if we can
22 reduce the cost of healthcare as a whole, maybe the
23 insurance premiums would reduce as well.

24 THE INSURANCE COMMISSIONER: What if you
25 actually had a market where you actually knew what

1 the hell--what you were going to pay when you show up
2 at the hospital? When your wife went in there you
3 had no idea what you were going to pay; right?

4 MR. KEVIN FOTHERGILL: Absolutely not.

5 THE INSURANCE COMMISSIONER: Would you buy
6 anything else that way?

7 MR. KEVIN FOTHERGILL: Absolutely not.

8 THE INSURANCE COMMISSIONER: I mean, that's
9 a problem.

10 MR. KEVIN FOTHERGILL: So the bottom line is
11 what is the insurance industry doing to address the
12 issue?

13 THE INSURANCE COMMISSIONER: I think there
14 are companies that are pushing for more transparency.
15 The federal government is working on a project now on
16 that as well. It's not there right now.

17 MR. KEVIN FOTHERGILL: To me that should be
18 No. 1 priority. If that's the largest reason for
19 costs in insurance rate premium increases, then that
20 should be the No. 1 reason.

21 THE INSURANCE COMMISSIONER: I don't know if
22 it's the largest, but it's a very significant one. I
23 think the largest goes back to that very select group
24 of people that are really sick. Part of that is the
25 hospital system and the cost of care, absolutely. I

1 mean, the fact is that we all go into a doctor's
2 office or hospital, we have no idea what we're going
3 to pay. Get a big bill and you say, wow, that's a
4 lot more than I thought.

5 MR. KEVIN FOTHERGILL: So where are the
6 benefits to the people that want to stay healthy
7 versus the people that don't care and don't work?
8 Because you mentioned something earlier about the
9 labor force being a benefit with the employers costs.

10 Where are the benefits of all of us as
11 private citizens who try to stay healthy, try to
12 work, versus the people that are just on the opposite
13 side of the equation where they don't care if they
14 work, they don't care if they stay healthy. They
15 have their food stamps that cover nonnutritional
16 foods such as pop, and all the other manufactured
17 foods that have basically no nutritional value, and
18 yet they seem to have money for tattoos and
19 cigarettes, and all the other nonessential things
20 that they do that probably increases their overall
21 health risks. Yet we as people, private citizens,
22 seem to pick up the tab for the irresponsible habits
23 that they have and don't care whether or not it
24 affects us because why would they care because they
25 have no skin in the game.

1 THE INSURANCE COMMISSIONER: I think I
2 disagree with you on some of that. From my
3 perspective--

4 MR. KEVIN FOTHERGILL: Give me a reason--

5 THE INSURANCE COMMISSIONER: My 5-year-old
6 daughter has Type 1 diabetes. She did nothing to
7 deserve that. She's 5 years old. We're an expensive
8 family to insure now because I've got a 5-year-old
9 Type 1. So not everybody falls in that. You hit a
10 nerve.

11 But--

12 MR. KEVIN FOTHERGILL: I'm not trying to
13 be--

14 THE INSURANCE COMMISSIONER: Not everybody
15 is that way. You don't know everybody's situation.

16 Now, that being said, on insurance we are
17 all in the individual market one pool. You do not
18 get a benefit by being healthy. That's the way the
19 Affordable Care Act was written.

20 MR. KEVIN FOTHERGILL: My point was if I am
21 on a government assisted program and I have the
22 ability to get free food, how is it allowed that I
23 can go by a grocery cart full of pop and now all of a
24 sudden become a diabetic because I don't care if it
25 costs money because it's free. That seems to be

1 allowable.

2 THE INSURANCE COMMISSIONER: I think that's
3 a whole different issue.

4 MR. KEVIN FOTHERGILL: I apologize for--

5 THE INSURANCE COMMISSIONER: That's all
6 right. Anything else?

7 MR. KEVIN FOTHERGILL: Nope. That's it.
8 Thank you.

9 THE INSURANCE COMMISSIONER: Thank you.
10 Anybody else here?

11 Angel?

12 MS. ROBINSON: Thank you. To everybody in
13 the audience and to the individuals--

14 THE INSURANCE COMMISSIONER: I'm sorry.
15 We're going to go to the sites first.

16 MS. ROBINSON: Everybody at the remote
17 locations, I just wanted to make one point of
18 verification from my testimony earlier. You had
19 asked about the waiver. I looked it up and it's
20 available on the website on the healthcare.gov home
21 page. It's the exemptions and they list the
22 exemption amount at 8.05 percent currently.

23 THE INSURANCE COMMISSIONER: Thank you.
24 Sorry about that, Angel.

25 Now, we'll go to the other locations

1 starting with Atlantic.

2 Go ahead Atlantic.

3 Please introduce yourself.

4 MR. MIKE JOHNSON: I'm Mike Johnson from Red
5 Oak. I'm a farmer. Been farming for 25 years. Able
6 to afford health insurance for almost 25 years. I
7 have a wife and two kids. I have them insured
8 through Wellmark and I do not have coverage. We had
9 to make the decision do I have insurance or do we
10 feed the kids.

11 Now, it's impressive that all these other
12 companies are only asking for 20 percent, 19 percent,
13 and Wellmark is wanting 42.6 for ours. That disgusts
14 me to no end. I've learned a lot here. It's
15 interesting some of these loopholes that nobody ever
16 told anybody about. We're going to do a lot of
17 shopping.

18 I'm really displeased that Wellmark didn't
19 show up to hear everything. I think they're a bunch
20 of gutless chickens.

21 In our lives we have to budget things. We
22 don't get to go buy new stuff, build new things,
23 offices, fancy stuff. This year corn and beans are
24 going down, our profit margins shrink every day the
25 market opens.

1 Well, I guess all I've got to say to
2 Wellmark is we're going to readjust our family budget
3 and we're going to start looking at dumping Wellmark
4 as quick as possible and I would advise everybody
5 follow. It sounds like they're in shitty financial
6 shape, and we probably don't want to be there any
7 longer.

8 I guess I'm just so frustrated with all this
9 stuff I probably better quit talking.

10 THE INSURANCE COMMISSIONER: Thank you,
11 Mike.

12 Cedar Rapids, is there anybody in Cedar
13 Rapids that wants to speak?

14 Go ahead. I think we can hear you. Please
15 introduce yourself. I'm sorry. We're still in
16 Atlantic. Go ahead.

17 MR. MIKE SCHULTIS: This is Mike Schultis.
18 We have been a Wellmark customer since '76 and we're
19 looking at a 42.6 percent increase. Last year we got
20 hit with a 33 percent increase. And it's just
21 getting a little bit disgusting, every time we turn
22 around they get an increase.

23 I can't justify raising my prices, I'm a
24 private contractor, to give that to my customers.
25 It's just getting ridiculous. Every year we come to

1 this same thing and every year you give them the same
2 amount of money back. Last year you gave them more
3 money than what they asked for.

4 THE INSURANCE COMMISSIONER: That's not
5 true.

6 MR. MIKE SCHULTIS: It's just in our case
7 when they were asking for 26 percent, we got hit with
8 a 33 percent increase. It just seems a little
9 ridiculous that every year they turn around and they
10 up the price and we got what, \$5,500 or \$6,000
11 deductible on each of us. Right now we're paying
12 about \$23,000-a-year and they're going to jump it up
13 to 43 percent. That's just unreasonable.

14 I strongly agree with what Mark said there
15 first in Des Moines there. I guess that's all I have
16 got to say.

17 THE INSURANCE COMMISSIONER: All right. Now
18 we'll go to Cedar Rapids. Anybody in Cedar Rapids?

19 MS. SHIRLEY AHERN: Hello.

20 THE INSURANCE COMMISSIONER: Go ahead.
21 Please introduce yourself.

22 MS. SHIRLEY AHERN: Yes. My name is Shirley
23 Ahern. I wanted-- I think about three things I want
24 to talk about. I would like to give you a little bit
25 of window on maybe how employer-sponsored programs,

1 perhaps, are able to do so well.

2 My husband and I are both retired, but he
3 worked for 44 years and I worked for 35 years for the
4 same company in Iowa City. They had several
5 locations throughout the United States. Every year
6 the VP, one of the VP's used to go around, we always
7 called it the dog and pony show. He would go around
8 to all the different locations in the United States
9 and he would talk about health insurance and what was
10 going to happen when we needed to sign up for the
11 next year, and he would do pie charts.

12 They would say exactly how much the
13 insurance costs the company, they would talk about,
14 on the pie charts, where the money was being spent,
15 where their concerns were. They would talk about,
16 well, if this doesn't change this is what your
17 increase is going to be. You'll be paying 25
18 percent, not 20 percent, or whatever. They were
19 very, very forward.

20 And this guy, No. 1, was extremely funny.
21 Could have been a comedian and he would absolutely
22 pack the house. Whenever he came every year we never
23 missed his presentation, or whatever. That's just a
24 personal experience. That's what happened to my
25 husband and I. I can't speak to other companies.

1 It was an excellent way our company handled
2 this because it really made people aware of money
3 that was being spent.

4 The other thing that they did that was so
5 good, they begged, I mean this guy practically on
6 hands and knees begged people to use all the
7 preventative care. They begged people to go in for
8 mammograms and their colonoscopies and physicals.
9 They were just excellent about that. I just wanted
10 to talk about that.

11 Another thing, I wanted to talk about things
12 that--reasons why you would maybe choose an insurance
13 company. I'm not here to say Wellmark is wonderful.
14 We have Wellmark insurance and their customer service
15 is fantastic. They are absolutely fantastic.

16 However, I do want to say one of the reasons
17 that we went with Wellmark is because it just so
18 happens I had a family member who used to work in
19 billing at the University of Iowa and got some very
20 good information about all the other companies and
21 how they did or didn't want to pay their bills and
22 their part of a bill with individual policies.

23 Believe me, I was--I wanted to go with
24 Wellmark based on a lot of feedback that I had gotten
25 from this well informed person on these other

1 insurance companies and all the games they played
2 with paying their part of the bill. I just want to
3 talk about different reasons why you might go with a
4 company.

5 I do want to say that the proposed increases
6 are outrageous that Wellmark wants to do. We're
7 retired. Where does it stop?

8 I have one more question. I'm curious,
9 because we are being asked for our feedback, is there
10 going to be any followup once the decision has been
11 announced about whether or not these increases are
12 going to take place?

13 Now, I thought there were like three
14 options. There could be an increase--there would be
15 the increases that were asked for, there could be a
16 less increase, or there could be potentially a
17 decrease.

18 But my question is: Since a lot of people
19 are going to be affected by this, and I think there
20 is going to be a lot of changes, is there going to be
21 any followup information gathered, a survey,
22 something where people can tell you after the fact
23 the changes that occurred? I would think this
24 information would be very, very helpful to the State
25 of Iowa, and I would like it to be collected.

1 THE INSURANCE COMMISSIONER: Julie, thank
2 you for your comments. You know, we would--after we
3 get the actuarial reports-- The process, just so you
4 know, is that we would get the outside actuarial
5 reports, there would be an order issued updating
6 consumers on what was actually approved versus what
7 was filed. And at that point, I mean, your
8 suggestion about going and seeing what actually
9 shakes out, we do a data call annually--right,
10 Angel?--with the carriers. We do a data call
11 annually and a lot of that information is collected
12 in that data call in terms of market share, and what
13 cuts. And those reports are available to anybody who
14 wants them. They're on a website. They're a
15 publically available document. We file a report, I
16 believe, with the Legislature every year on that
17 issue.

18 Now, your suggestion around getting that
19 granular, we could do maybe a little more digging on
20 it. I would have to look at what we're actually
21 acting on that data call. That's a good suggestion.
22 Thank you.

23 Anybody else in Cedar Rapids,
24 MS. SUSAN BORSTON: My name is Susan Borston
25 and I've been self-employed in Iowa for 15 years.

1 Prior to the Affordable Care Act the only thing that
2 I had was catastrophic insurance. I had no
3 preexisting condition. I noted my health insurance
4 policy, it increases annually 12 to 18 percent, 48
5 percent in 2008, and that was during the economic
6 collapse, so I wonder if their premium increase was
7 that much because they were trying to recoup the
8 losses that they made on the backs of their customers
9 at that time.

10 I, as a self-employed person, was happy to
11 know with the Affordable Care Act there was minimum
12 standards under the insurance that was available to
13 me. That part of it I really do like. I don't have
14 to worry that if I go to the hospital and use care
15 that policy will be rescinded, so on and so forth.

16 I don't know if you can answer this, but I
17 think 80 percent--doesn't Wellmark have like 80
18 percent of the insurance policies? Is that one of
19 the reasons why they're so cavalier and they really
20 don't care if they show up to these things?

21 THE INSURANCE COMMISSIONER: That's a fair
22 question. I don't think they have that market share
23 any longer. I don't know if we have the data.

24 Angel?

25 MS. ROBINSON: I don't have--

1 THE INSURANCE COMMISSIONER: Come up to the
2 mic. Sorry. Forgive us.

3 MS. ROBINSON: It depends on what market.
4 Because remember individual, small group and group
5 are counted separately. But Wellmark holds the
6 majority share, yes, they hold over 80 percent of the
7 market.

8 THE INSURANCE COMMISSIONER: Still in
9 individual?

10 MS. ROBINSON: For 2015, but not for ACA-
11 based products.

12 MS. SUSAN BORSTON: Thank you for answering
13 that question.

14 THE INSURANCE COMMISSIONER: Susan, did you
15 catch the distinction that Angel just made there on
16 the market share issue with ACA?

17 MS. SUSAN BORSTON: Could you repeat that?

18 THE INSURANCE COMMISSIONER: Sure. Sure.
19 On the ACA-compliant products they do not have 80
20 percent of the market share, but in the global
21 individual insurance market, under the grandfathered
22 plans, they do.

23 MS. SUSAN BORSTON: Thank you. My other
24 comment was my understanding was we pay more because
25 our state legislature, we don't have our own state

1 exchanges. That's one of my concerns. Would the
2 public health option help bring down costs?

3 THE INSURANCE COMMISSIONER: Well, those are
4 two different questions. The public health option
5 would be a state or federal plan. The health
6 exchange is really just a mechanism to buy insurance.
7 At this point the State would not able to set one up
8 in a cost-effective manner. The federal exchange is
9 doing it at a much more cost-effective manner than I
10 think a state would.

11 MS. SUSAN BORSTON: I thought we had to pay
12 some federal taxes because of the federal--we chose
13 not to set up our own plan, which was unfortunate.

14 THE INSURANCE COMMISSIONER: There is a
15 federal fee, but you would have that same fee, if not
16 higher, in a state exchange.

17 MS. SUSAN BORSTON: All right. Thank you.

18 THE INSURANCE COMMISSIONER: Anybody else,
19 Cedar Rapids?

20 MS. RITA SCOTT: Hi. My name is Rita Scott
21 and we're on Wellmark and we have one of the premium
22 plans. Your narrow network, outside of network,
23 doesn't apply. You know, if you're traveling, which
24 a lot of people do, are on the road, and you get ill
25 in another state, which I did last year, and I called

1 Wellmark and said, you know, I'm experiencing this
2 illness, I want to know if I go to urgent care
3 whether it would be covered, and they said no, it
4 would not.

5 I just went and took over-the-counter drugs
6 for five days until I got back to Iowa. I could have
7 been on an antibiotic if I had been covered, but I
8 chose not to go to urgent care or the ER because I
9 did not want to have to pay the exorbitant amount
10 they would have charged.

11 I think it's unfair for us not to be covered
12 out of state when we are traveling because we are a
13 very global people now. We travel a lot. I think
14 Wellmark needs to also address that.

15 THE INSURANCE COMMISSIONER: Okay.

16 Thank you for that, Rita.

17 Is there anybody else in Cedar Rapids?

18 We're going to go to Columbus Junction now.

19 Eldora?

20 Spencer? I know there's some folks in
21 Spencer. Anybody in Spencer want to make a comment?

22 Please introduce yourself.

23 MR. PETER URBERG: Yes. This is Peter
24 Urberg calling back.

25 THE INSURANCE COMMISSIONER: Go ahead.

1 MR. PETER URBERG: I have about a seven
2 minute statement.

3 THE INSURANCE COMMISSIONER: Go ahead.

4 MR. PETER URBERG: Currently my monthly
5 house payments, principle, interest, taxes and
6 insurance, plus association dues, are about \$850-a-
7 month, and my Wellmark BCBS bill is \$1,130-a-month.
8 I hope that that gives some kind of indication of
9 where these costs have gone.

10 One issue is that property and casualty
11 insurance companies and the State OSHA Departments
12 are leaning on manufacturers to have mechanical
13 integrity programs to schedule regular maintenance in
14 refineries and chemical plants in order to increase
15 their safety rates and improve their ability to
16 replace their equipment.

17 It should be the responsibility of the State
18 Insurance Commissioner to drive medical cost control
19 and medical insurance firms who will promote these
20 programs to hospitals and clinics. One of the issues
21 is that insurance is usually paid for by employers
22 and given to employees, whereas the ACA people are
23 paying for this directly.

24 Another issue is the rise of preventative
25 and discretionary care and its costs. I'd like to

1 point out that during the congressional debate of the
2 Affordable Care Act in Congress, all research for
3 congressional members was provided by United
4 Healthcare of Minnesota.

5 BCBS management needs to get out in the
6 field and identify trends and make decisions on the
7 benefit of all premium paying members. Medical
8 practices apply uniformly to ACA members and non-ACA
9 members. ACA members are simply paying for these
10 benefits out of their own pocket. Non-ACA members
11 are businesses which are also fighting with similar
12 premium cost increases.

13 It is the responsibility of BCBS management
14 to observe costs, trends, demographics, billing
15 cycles and productivity. Management of BCBS is the
16 customers representative. If BCBS prices itself out
17 of the market, then what will we have to be able to
18 put together. That would be an issue.

19 Firstly, I have noticed that in Iowa new
20 patients having an initial doctor's meeting, gets a
21 meeting to get to know the doctor, and then a second
22 appointment where the doctor actually performs the
23 exam. This practice means that in order for a new
24 patient to come in he has to have two appointments.
25 I think that this is a poor practice.

1 I also noticed that in Iowa doctors and
2 physician assistants are not attempting to see four
3 patients per hour. These people need to get into
4 these exam rooms, meet the patient, talk to them,
5 make a diagnosis, make their notes and get on to the
6 next person.

7 We're talking about people who have had six
8 to ten years of education and they're ordering \$100
9 to \$200 of meds after a given appointment, and then
10 turning around and waiting for the response of the
11 lab tests to make a decision.

12 Another point is that medications that
13 doctors prescribe are those that the pharmaceutical
14 sales representatives discuss. Do drugs quit working
15 after a patient--after a patent expires? Management
16 needs to coach these doctors towards frugal medical
17 practice.

18 It is assumed that the doctors read the
19 entire Physician's Desk Reference. That's how it got
20 its name. The old drugs that have been prescribed to
21 a wide population of people are known for their
22 responses. We know how they act. All we have in the
23 current practice is the new drugs with the word of a
24 salesman, and one or two clinical trials required by
25 the FDA.

1 In fact, I've heard of cases of doctors
2 wanting to take patients off an old medication and
3 move them to a newer, less effective medication
4 because it costs \$60 more per prescription.

5 Obviously, medical providers see medical insurance
6 companies as mountains of money.

7 Also, the news has carried some articles
8 discussing pharmaceuticals-- Also, in the news there
9 have been some articles discussing pharmaceutical
10 companies raising drug prices each year simply
11 because they can. What are we going-- What are
12 state and federal agencies doing to push these
13 insurance companies to negotiate rates that are lower
14 than the general population has to pay?

15 At this point most people struggle with the
16 cost of health insurance. In our particular case
17 we're paying twice our house payment for health
18 insurance. We know we've got to have it as we are
19 foregoing other activities due to these costs. At
20 our age, which is about age 60, we're attempting to
21 be as proactive with health issues as we can.

22 Thank you so much.

23 THE INSURANCE COMMISSIONER: Thank you,
24 Peter.

25 Is there anybody else in Spencer? We can't

1 see that side of the room?

2 MR. PETER URBERG: No. We're the only ones
3 here.

4 THE INSURANCE COMMISSIONER: All right.
5 Thank you very much.

6 And then the last location is West Union.
7 Anybody there?

8 No. Okay.

9 Again, as we know, Wellmark is not in
10 attendance. Correct, Angel? Did they give you a
11 comment, Angel?

12 You can make that available? I think you
13 were going to publish that you said?

14 MS. ROBINSON: Wellmark is not in attendance
15 today. They did not send a representative. They
16 submitted a comment electronically and it is posted
17 and available if anyone--any member of the public
18 would like to review it. I made sure it was
19 available even before the hearing started.

20 THE INSURANCE COMMISSIONER: I believe they
21 told you anybody that was in attendance that they
22 would call them or meet with them. Is that correct,
23 Angel?

24 MS. ROBINSON: They provided some
25 information regarding that on their statement.

1 THE INSURANCE COMMISSIONER: Okay.

2 MS. ROBINSON: One other thing I would say
3 is that I was asked about the market share for
4 Wellmark, and it's approximately 68 percent of the
5 individual market. It is 78 percent of the small
6 group market, and 77 percent of the large group
7 market. I just checked and looked that up.

8 THE INSURANCE COMMISSIONER: Thank you.

9 If anybody would like to comment--contact
10 the Consumer Advocate Angel, who was just speaking,
11 I'm going to go ahead and give her phone number for
12 everybody. She's a great resource for our State of
13 Iowa. She understands these issues and can help walk
14 you through these other problems as well.

15 Her phone number is (515) 281-4038.
16 (515) 281-4038. Her e-mail is
17 angel.robinson@iid.iowa.gov. Either of those ways
18 would be a good way to connect with Angel if you have
19 any questions.

20 We are-- At this point the record is still
21 open, so anybody who wants to file a written--

22 Go ahead.

23 MR. MARK SEATON: Where was the electronic
24 communication from Wellmark located at?

25 THE INSURANCE COMMISSIONER: It's on the

1 website. Is it on your website, Angel?

2 MR. MARK SEATON: The question was where is
3 the electronic communication from Wellmark at.

4 THE INSURANCE COMMISSIONER: Angel posted
5 it, I believe, on the website. What's the address on
6 that, Angel? It's on your website not the
7 Division's; correct?

8 MS. ROBINSON: It is an Insurance Division
9 website. It is on the rate hearing website in which
10 all of the public records and public comments and the
11 transcripts, once we receive them, will be published.
12 It's going to be iainsuranceca.wordpress.com. That's
13 iainsuranceca.wordpress.com.

14 THE INSURANCE COMMISSIONER: Thank you for
15 that.

16 That's up today; right? That's out, the
17 website?

18 MS. ROBINSON: Yes. That's currently
19 available.

20 THE INSURANCE COMMISSIONER: Thank you.

21 The record is still open if folks have other
22 comments.

23 Peter, the gentleman in Spencer, I would
24 actually encourage you to e-mail your comments, they
25 were very instructive, to Angel. I would encourage

1 you to do that. We will have that reflected.

2 So the record will be open until we get our
3 actuary report. At that point we're going to have to
4 make our decision. There will be an order issued.
5 And then the exchange opens November 1st. Angel, is
6 that the date for people to buy and shop for new
7 insurance? November 1st is the date to shop for new
8 insurance for the State of Iowa.

9 Again, I would encourage you to at least do
10 that. Anybody has questions on the affordability
11 test, give Angel a call.

12 With that, we're going to close this
13 meeting.

14 AN UNIDENTIFIED MALE: Quick question. I
15 heard that Minnesota or Michigan has
16 canceled--Wellmark has canceled their PPO. Is that
17 going to possibly happen here in Iowa?

18 THE INSURANCE COMMISSIONER: That's a
19 different company. That's a Minnesota plan, but that
20 did happen in Minnesota where the Blue Cross plan
21 cancelled all PPO plans; correct.

22 Will that happen in Iowa? I don't think so.
23 I don't know.

24 AN UNIDENTIFIED MALE: Will there be a
25 transcript of the comments today?

1 THE INSURANCE COMMISSIONER: There was a
2 question about the transcript from today's meeting.
3 We will have that at some point and that can be
4 available.

5 MS. ROBINSON: It will be made available.

6 AN UNIDENTIFIED MALE: I want to be able to
7 find out about it.

8 (Hearing concluded at 12:05 p.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 14th day of August, 2016.

/s/ Ann T. Moyna
CERTIFIED SHORTHAND REPORTER