

Public Testimony and Comments Regarding the 2017 Medica Insurance Company Proposed Rate Increase

For Consideration by Commissioner Nick Gerhart, Insurance Division of Iowa

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July 23, 2016

I. Background

Iowa Code §505.19 sets forth procedures for health insurance rate increase requests exceeding the average annual health spending growth rate published by the Centers of Medicare and Medicaid Services (CMS). The procedures include a requirement that the Consumer Advocate solicit public comments on the proposed rate increase, provide the comments received by the public on the internet, and to present the public testimony and comments received to the Commissioner of Insurance for consideration before a decision is made on the proposed rate increase. The current average annual health spending growth rate is 6.4%.

The Consumer Advocate Bureau was notified in May of 2016 that the collective companies for Medica Insurance Company were seeking proposed average rate increases of over 6.4%. Medica Insurance Company has requested an average rate increase of 19.0% for its 1,246 plans. The proposed rate increase would become effective January 1, 2016 if approved. As the amount proposed exceeded the most current average annual health spending growth rate, the Consumer Advocate solicited comments regarding the proposed increase.

II. Public Comments

The Consumer Advocate has received 1 comment and concerns directly from policyholders or members of the public. It is provided below:

Dear Consumer Advocate-

I am writing to comment on the proposed Medica base premium rate increase of 19.8%. This level of increase is unconscionable and will present a hardship to Medica's customers. I am not receiving a 19.8% pay raise and neither is anyone else that I know of. The Health Insurance Marketplace is supposed to be providing "affordable" health care policies. A 19.8% increase is not affordable.

Medica's letter to me states that the Commissioner will review the request to learn if Medica followed accepted industry standards to calculate the proposed increase. What does that even mean? What are accepted industry standards? Do these standards even take into account how these increases will affect the general population?

I have written comments on these proposed rate increases before, to no avail. The rate increases get approved regardless of public response. However, at least I can tell myself that I took advantage of my opportunity to respond.

As you arrive at your decision, I urge you to please consider the constituents that Medica is supposed to serve. I understand that the costs of health care increase each year, but the rate of increase should be reasonable, not one that will raise base premiums by almost 20%.

Thank you.

Sincerely,

Gail Lawlor

III. Summary

The comments received and posted by today's date have been included in this testimony report as required by the Iowa Code section 505.19(3). However, comments may continue to be received until the Commissioner makes the final decision on the proposed rate increase. Any additional comments received prior to the Commissioner's decision, but after the presentation of the consumer testimony, will be recorded on the public rate hearing site.