

Public Testimony and Comments Regarding the 2018 Proposed Golden Rule Rate Increase Report

For Consideration by Commissioner Doug Ommen, Insurance Division of Iowa

Prepared by Angel N. Robinson, Consumer Advocate, Iowa Insurance Division

August 26, 2017

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 Consumer Advocate was notified on June 13, 2017, that Golden Rule Insurance, a UnitedHealthCare Company, was seeking an average rate increase of 27% on approximately 4,485 covered lives. The proposed increase applies for all in-force plans labeled Generation 1-27. As the proposed rate increase amount exceeded the most current average annual health spending growth rate of 6.5%, the Consumer Advocate solicited and gathered comments and testimonials from the public regarding the proposed rate increase.

II. Actuarial Review

As a regular part of the rate review process, the proposed rate increase is actuarially reviewed twice. Once by the Iowa Insurance Division's actuary staff and once again by independent third party reviewers. The results of these two reviews have been included in a summary document. The actuary summary document is available as a handout during the public hearing and has been posted on the rate hearing website, iainsuranceca.wordpress.com.

The actuaries found the following:

- Golden Rule Insurance has been operating for the last two years with a medical loss ratio of 82.6% (a federal percentage that calculates what percentage of every premium dollar goes towards claims and allowable costs). The federal government requires that all individual health insurers have a medical loss ratio of no less than 80% or premium refunds must be paid to affected policyholders.
- Without an increase in rates, Golden rule was projected to have a loss ratio of close to 100%.
- However, the actuarial reviews found that a 27% increase could not be approved as it would cause Golden Rule to fall below the 80% medical loss threshold.
- The actuarial reviews found that a 22% increase would allow the medical loss ratio to be just over 81%. This would leave the average premiums at \$272 per month.

The Consumer Advocate also reviewed the actuarial memorandum from Golden Rule. The only additional information worthy of note is that the policies that are subject to increase have not been sold since 2013.

III. Public Comments

Six consumer comments were received on this proposed rate increase. With such a small sample of comments, no real identifiable consumer comment trends can be identified. However, a couple points of interest were brought up more than once. Those who chose to comment shared their exasperation over the lack of affordable options in health insurance. Comments also included individuals sharing their displeasure at having their rates increased once again. As these plans were sold as early as 1990, policyholders with longevity in their plan have probably experienced a number of rate increases over the years. One comment summarizes many of these points: A policyholder explained that they were self-employed; therefore options for individual coverage for the policyholder and their family are limited. The policyholder continued on to explain that rates have increased to over \$1000 a month and expressed concerns over the current health insurance market. Though the public comments were few, these individuals are representative of many in their similar situation who didn't comment.

IV. Conclusions

The comments shared expressed displeasure at the increase in rates due to the costs. The actuarial reviews show that the proposed rate requested came at too high of a cost and needs to be reduced to at least 22% in order to meet federal medical loss ratio standards. Though at 22%, Golden Rule will just be over 81%. As Golden Rule is so close to the federal minimum for medical loss ratio, the Consumer Advocate would encourage the Commissioner to review and consider the effects of reducing the rate increase even farther.

Under the Iowa Code section 505.19(3), 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.

Appendix A: Public Testimony and Comments

• *Dan Says:*

[June 19, 2017 at 2:09 PM](#) | [Reply](#) [edit](#)

Good afternoon,

I received a letter today from Golden Rule, United Healthcare, informing myself that rates are going to increase ANOTHER 27% in January, 2018.

This, after just having my rates increased 7% because of entering a different age bracket.

Over the last 8 years my premiums have increased over 300%, before taking into account the new 27% increase.

Enough is enough! The affordable care act was/is a disaster, which has caused millions, like myself, to make decisions on whether to continue paying the extortion imposed by Golden Rule, United Healthcare, or whether to eat.

Each day I hear from more friends and neighbors that they have dropped coverage completely due to increased prices. They would rather deal with Doctors, hospitals, etc.. themselves than continue paying blood money to their insurance companies.

ENOUGH IS ENOUGH! Say NO to increased rates. Say NO to insurance companies greed. Iowans & Americans can no longer afford the “affordable care act”.



• *Greg Duncan Says:*

[June 22, 2017 at 9:39 AM](#) | [Reply](#) [edit](#)

Dear Insurance Commissioner:

I am writing in regard to the proposed 27% rate increase I received notice from Golden Rule, my health insurance company. I am self employed so my options for individual coverage for me and my family are limited. These limited insurance options are either too expensive or deny over pre existing conditions. My rate has gone up to \$1002 a month with \$5000 deductible as a health savings account.

I feel any additional increase would be difficult for me to keep insurance and we know how the government Affordable healthcare option is imploding.

I ask that you do not approve this rate increase. Also if you have any suggestions on insurance coverage for me to apply for would be appreciated.

Sincerely,

Greg Duncan/jl
5119 Davis Street
Bettendorf, IA 52722



• *Janee' Gilliland Says:*
[July 7, 2017 at 10:51 AM](#) | [Reply](#) [edit](#)

Dear Insurance Commissioner:

This letter is regarding the proposed premium rate increase by Golden Rule, my current insurance provider. I strongly oppose this increase for the following reasons:

1. Since being insured by GR, I have underutilized my policy due to my excellent health. Because of this, I have received 50% deductible credit for the last several years. Therefore, I disagree with GR's reason of "Increased Utilization".
2. My husband is a recently retired physician, so I know how little physicians are reimbursed from insurance companies, and it decreases each year. This is the main reason why there are very little solo practitioners anymore as it is so difficult to cover operating expenses and navigate through the ever-changing insurance coverages. Also, this is the reason why more and more physicians are refusing to file insurance at all. Therefore, I disagree with GR's reason of "Increasing Cost of Medical Services".
3. I am not a tobacco user, exercise regularly, and maintain a healthy lifestyle overall.
4. I feel that this proposition might be premature, given the possible changes in insurance competition with our new federal administration.

Honestly, most physicians would rather go back to the day where they accepted a chicken or chores around their house than deal with insurances at all.

Sincerely,

Janee' Gilliland
Bettendorf, Iowa



• *Richard McDonald Says:*
[July 10, 2017 at 3:30 PM](#) | [Reply](#) [edit](#)

I recently received a notice of proposed rate increase from Golden Rule Insurance. The proposed base premium rate increase is 27%.

I currently pay \$7,272 per year for a \$5,000 deductible policy. I have been with Golden Rule since 2006. I have never reached my deductible.

27% seems an excessive increase. I understand that my personal history has nothing to do with the rate I have to pay for insurance. I wish it did.

Health care is a business. How many businesses would survive increasing their costs 27%?

I request that the Iowa Insurance Commission deny or negotiate a more reasonable rate increase with Golden Rule.

Rick McDonald



• *Judy Schreur & Bob Klein* Says:
[July 24, 2017 at 8:17 AM](#) | [Reply](#) [edit](#)

To the Iowa Consumer Advocate:

Golden Rule/UnitedHealthcare Company is asking to raise its rates by 27%. Raising the rates by this much will cause much hardship for us. Currently we are paying \$4222.41 per quarter for insurance for the two of us. This means the premiums are \$16,889.64 per year or \$8450 per person. That is just for the premium. Before we can obtain any healthcare coverage, we also have to pay a deductible of \$5800. That means, before insurance pays anything toward our health care, we are currently having to pay \$22,689.64 before we see any benefits. If this is increased by 27%, it means an extra \$4560 per year, raising the premiums alone to \$21,450. Add in the deductible of \$5800 and it comes to an unmanageable \$27, 250. This would be more than half of our take-home pay and seems an exorbitant price to pay just for insurance. An article in the Cedar Rapids Gazette of June 25, 2017 has a McClatchy Washington Bureau news item that states, from the nonpartisan Congressional Budget Office, that premium increases of more than 20% would make coverage unaffordable. This company is asking for 27% and seems way out of line for the benefits received.

The company cannot claim that they are not making enough profit since UnitedHealth in 2016 had revenues for one quarter totaling \$46.5 billion, an increase of \$10 billion over the same time period in 2015. UnitedHealth's CEO Stephen J. Hemsley is making millions of dollars every year—in 2016 he earned \$31,298,553 which is 55.8% more than the year before. If a company can afford to pay their CEO that much, it does not look like they need to raise the premiums even higher for their clients, let alone such a high rate of 27%.

Why do we not just go without health insurance if it is so expensive? Because we cannot afford to go bankrupt, either, and if there would be a cancer diagnosis in the future, or an accident that requires hospitalization, we would have to have some sort of insurance. If you value the small business people in the state of Iowa, you need to say no to this high of a rate increase.

Thank you,
Judy Schreur & Bob Klein



• *Valerie Natvig* Says:
[August 25, 2017 at 2:36 PM](#) | [Reply](#) [edit](#)

This is a request to the Iowa Insurance Commissioner to “Deny” the request by Golden Rule to increase its base premium rates by 27%.

As a long time insured consumer of Golden Rule we have seen our premiums increase continually.

The only option we had was to lower our premium by taking a higher deductible which can only be done (or) changed once during the life of he policy.

Therefore, what benefit was it to us as a consumer to do this when we are returned to a higher premium rate requested by Golden Rule.

What needs to be investigated is what the hospitals/doctors and other medical facilities are charging the insurance companies.

When a doctor request a blood test it can cost \$359.50 and after allowances you as a consumer have been billed an ending amount due of \$290.48.

However, you as a consumer can go to a wellness center and get a complete community wellness panel that you the (consumer) pay out o-of-pocket for \$45.00. Isn't this a savings for you the consumer and the Insurance Company?

Also, what about how when you go to the doctor for a consultation and you the consumer are charge for the doctor (professional) and (facility), which means the room/equipment/computer/staff/air-system to globally keep the hospital running...who does this benefit?

In the end the hospitals/ doctors and other medical facilitates pass their cost onto the insurance company.

The insurance company passes the cost onto the insured customer.

Who does the consumer/ insured customer pass the cost to ...no one because the bill stops here!!!

Valerie Natvig