



THE RAUSER AGENCY, INC.

REFORMING HEALTH CARE SINCE 1981

# THE RAUSER REVIEW

## “ADAPTING TO REFORM”

Since enactment of health reform, The Rauser Agency has spent countless hours studying the legislation and seemingly endless follow up regulations emanating from Washington. No less prolific in the production of paperwork, health insurers are rewriting their policies to be compliant. There has not been a time in my entire career when offering employer sponsored health plans came with so many ‘strings’ attached. This is when The Rauser Agency needs to ‘step up to the plate’. Think about it. For literally decades, we’ve served as the liaison between the health insurers (we all seemingly love to hate) and covered employees of our client companies. Now, new layers of government have been inserted into the already complex mix. And this is supposed to make your life easier?!

This seems like a good time to remind you of



*Pictured (left to right): Barb Esser, Andrew Wadsworth, and Chris McArdle*

what we think sets The Rauser Agency apart. Chris McArdle, Gayle White and Andrew Wadsworth are extraordinary advocates to have in your corner. And in July, we added industry veteran Barb Esser. With the title ‘Director of Strategic Planning & Marketing’, Barb has the daunting task of helping us all navigate the post reform world of health care. At appropriate intervals, we’ll be sure to keep you up to date on

the implications of reform. You can learn a little more about Barb on the Staff Bios page of our website; and, don’t be surprised if she stops in to visit. Barb is also in the process of designing a client survey. Simply put, we want to know how we can add value to our relationship. So, in October you will receive an invitation to participate in a short on-line survey. Thanks in advance for your candid answers.



### A View From The Crow's Nest

#### CONFRONTED WITH REALITY

Recently I happened to catch Health & Human Services Secretary Sebelius on National Public Radio (NPR). The topic was how The Patient Protection & Affordable Care Act (PPACA) would improve access and lower the cost of health

insurance. One caller explained that his employer’s plan was too expensive, even with the high deductibles and out of pocket costs that also made it – in the caller’s opinion – inadequate. Secretary Sebelius launched into what has become an almost mantra-like description of how “Exchanges” will lower costs vis-a-vis larger pools and greater buying power. Only when her recitation was done did she circle back and ask the caller if he was self employed or worked for a small business. To my amusement, he worked for one of the country’s largest trucking

companies who contributed a fairly generous 75% of the premium. Even on the radio, I could sense Secretary Sebelius’ discomfort with her predicament; i.e., the caller’s employer, by itself, represented a very large pool with considerable buying power. And even at 25% of the premium, the caller thought it “too expensive”!

Many of those who crafted PPACA did so with the flawed foundational (dual) premise that individuals and small businesses have no buying power and are

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## A View From The Crow's Nest *(continued from front)*

in pools so small that just one catastrophic claim causes “skyrocketing” premium increases. In fact, all the insurers we work with negotiate deep provider discounts that are uniformly available to every customer, whether a Fortune 500 company or a two man group. And, larger pools - such as the State of Wisconsin Employee Trust Fund (ETF) which “Exchanges” are intended to emulate - do not automatically produce lower costs. To wit, as recently as September 12th the Journal Sentinel reported ETF family premiums are two times higher than the national average!

So now we have a law that requires states to establish health insurance “Exchanges”. The very same insurers selling to individuals and groups today presumably will bid to be included in these new markets. PPACA

envisions consumer choices will be simplified through uniform plan design options and easy on-line portals for enrollment. Although PPACA requires employers to offer group health plans, the penalties for not doing so are only a fraction of their current costs. The unintended consequence (or intended, depending on your point of view), is that employees could be sent to buy their own coverage through the “Exchanges” with after-tax dollars.

Example: assume a typical family plan today costs \$1,200/month or \$14,400 annually. My NPR radio caller found 25% of that (\$3,600) too expensive. Giving PPACA the benefit of the doubt, let's assume that squeezing “excesses” out of insurance company administrative expenses (the new “medical loss ratios” mandates) somehow lowers a family premium by 10% to \$1,080/month or \$12,960 a year. Buying as an individual

through the “Exchange”, my NPR caller would be looking at \$9,360 of additional premium unless his employer makes up the difference with increased *taxable* wages. Or, will the federal government subsidies be available well into middle class income levels? (Heck, what's another trillion dollars!)

It seems unlikely PPACA will be repealed and arguably some good has been accomplished by its passage. Yet without significant retooling, it is delusional to think costs will come down. Oh, and there's one last ‘gotcha’. After 2014, insurers will be required to accept all applicants regardless of health and pre-existing conditions. Since our premiums are going up, why pay them until after you get sick?! Those “large” pools may in fact be smaller and without younger healthy people to spread the risk.



The Rauser Agency, Inc.  
*Since 1981*

400 East Wisconsin Avenue  
Suite 200  
Milwaukee, WI 53202  
414.276.2700  
Fax: 414.276.7730  
Toll Free: 800.813.1884  
[www.therauseragency.com](http://www.therauseragency.com)

Using top rated insurers, we facilitate the design and implementation of employee benefits. We have the influence and experience to help clients navigate the complexities of HR administration. Through wellness initiatives and focused communication, we strive to enable consumers to be savvy health care purchasers.

**Jon C. Rauser**  
*President*

**Christopher J. McArdle**  
*Vice President*

**Andrew M. Wadsworth, CHC**  
*Employee Benefits Specialist*

**Gayle White, PHR**  
*Human Resource Specialist*

**Barb Esser**  
*Director of Strategic  
Planning & Marketing*

For more information,  
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[www.therauseragency.com](http://www.therauseragency.com)

## “A TRULY REMARKABLE PANEL”

On October 5th, The Rauser Agency is co-sponsoring - with the MMAC and the accounting firm WIPFLi - a not to be missed forum entitled: “Health Care Has Been Reformed, *Now* What Do I Do?” Answers to that question will come from a cross section of stakeholders. Our panel includes: Wisconsin Secretary of Health & Family Services Karen Timberlake along with Insurance Commissioner Sean Dilweg, who will review state efforts to date at reform implementation; Froedtert Health President & CEO Bill Petasnick and WPS Health Insurance President & CEO Jim Riordan. An audience of up to 350 business owners and HR managers is perhaps most looking forward to hearing how other employers plan to implement PPACA. That perspective will come from Serigraph's John Torinus, Badger Meter's Ron Dix, Tim Nerez of The Oldenburg Group and Gerald Frye from the Benefit Services Group. Finally, WIPFLi's Mark Krueger will review the tax implications specific to PPACA. *Milwaukee Journal Sentinel* health care reporter Guy Boulton will moderate this 150 minute program which will include time for questions from the audience. Promotion of this forum has created such a buzz, Wisconsin Eye (our state version of C-Span) has committed to be on hand. We hope to see you there, too. For more information or details on how to register, please call our office: 414-276-2700.

### Have you visited my blog lately?

Shopping for health care in a “reformed” marketplace is sure to change. Join Jon Rauser at his blog to learn how.

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