

# THE RAUSER REVIEW

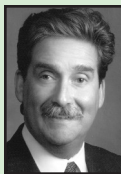
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## A View From The Crow's Nest

"Well Jon, what do you think is going to happen?"

*I wish I had a nickel for every time I've been asked that question over the last few weeks as Congress enters the*



Jon C. Rauser

*final stages of deliberation on legislation to reform health care.*

*Knowing how engaged I have been in this debate, friends and clients assume I have some insight. From the Crow's Nest, however, the view is still very foggy! And what I can see is disappointing.*

*Insurance reform is a given; insurers will be required to take all applicants - no underwriting and no pre-existing condition limitations allowed. This 'reform' will incentivize young healthy people to delay buying coverage until they get sick since the proposed penalties for **not** buying coverage will be a small fraction of premiums. Everyone knows the resulting adverse*



## A PERFECT STORM: WHY HEALTH PREMIUMS CONTINUE TO SOAR

**J**anuary 1, 2010 renewals are arriving. You'd think that an industry under so much pressure would do everything possible to hold increases to single digits (or less).

That's not happening, and here's a quick look at why.

The Wisconsin State Budget signed into law in late June had several new coverage mandates, which in combination increase premiums on average 4 to 5% on top of 'trend'. And 'trends' are being exacerbated by the economy.

How, you might ask?

Well, it appears that folks who fear losing their job (and thus possibly their insurance - especially if COBRA premiums are unaffordable), are scheduling elective procedures that might otherwise have been put off. Throw in the H1N1 scare - not to mention normal seasonal flu - well, you get the idea.

The effects of a bad economy ripple further throughout health care. Many patients have had wage freezes or reductions so

when their bills arrive, they pay slowly or not at all for higher deductibles and other out of pocket charges. That means providers are left holding the bag. In the past, such bad debts might have been offset by investment gains, but I think we all know what has happened to the stock market.

Oh, I'm not done!

**A** bad economy means still more people became eligible for BadgerCare. Total enrollment today is about 750,000 of our state's 5.5 million residents. Trouble is, BadgerCare provider payment schedules are about half those of private insurers.

Underpaying docs and hospitals causes a greater cost shift to private payers; i.e., you and me.

And so it continues.

We know how to break this cycle and it's not (just) by attacking "greedy" insurers. Note: just recently the Associated Press (10/23/09) reported "health insurers posted 2.2 percent profit margins last year, placing them 35th of 53 industries on the fortune 500 list."



**S**mall businesses (2-50 employees) who are members of the Metropolitan Milwaukee Association of Commerce may qualify for a health plan that offers two year rate guarantees for effective dates on or after January 1, 2010.

It has been nearly 15 years since The Rauser Agency has had an opportunity to show prospects and clients how to lock in multi-year rates.

This offering may not be the right fit for everyone so we're being a little coy here about the details.

Please call for more information.

## Coming Soon

We're asking for your opinion.  
Soon we'll be sending you an electronic survey.  
When it arrives, please take a few minutes and help us  
learn how to better serve you in 2010.  
"Change" brings opportunity.  
We're working on website enhancements  
and we're adding agents and staff.  
Talk to us. We listen.

*The Rauser Agency*

### Crow's Nest Continued

*selection will drive up premiums - some recently released actuarial studies suggest by as much as 25 to 40%, or more!*

*Related to that, you've heard legislators debate whether or not to tax plans that have benefit levels deemed to be too 'rich'. You've heard others lambast 'consumer driven health plans' because the higher deductibles and out-of-pocket limits result in folks being **under** insured. Thus, it seems inevitable that reform will narrow - not expand - our choices.*

*As is the case with the Medicare eligible population, we'll move to a standardized core level of coverage for everyone. As costs explode, those coverage levels will be scaled back. Private insurers will offer supplemental plans to fill those gaps. In the end, the same people who today rely on public health will have inferior coverage to those who can afford to purchase "Gap" Plans. This will be considered more socially responsible and fair.*

*The cost for 'universal coverage' - a laudable goal - will of course be grossly underestimated as has been the case for Medicare and Medicaid. One has to wonder if we will ever honestly come to terms with our responsibilities to our fellow man weighed against our duty not to bankrupt this country; a conundrum not just for health care but foreign policy and*

*more...but I digress!*

*Moving away from insurance reform to the more difficult task of reforming the way we **deliver** health care, Congress appears ready to punt! As a country, we now spend about \$2.3 trillion on health care. Experts seem to agree a focus on waste, fraud and abuse could trim that by half. **Yes, by one half** - that's more than a trillion dollars! When you think about ways to get at those savings, do you want an insurance company ("No" says the MoveOn.org crowd) or government bureaucrat ("No" says the Tea Party crowd) leading the way? Maybe it is just as well Congress won't tackle this.*

*So to end on a more positive note, real health care reform will have to come from those who practice medicine. In pockets throughout the state and country, outstanding progress is being made to identify best practices and lower costs. Just one example: Google the Wisconsin Health Information Organization (WHIO). Then read more about "health care stakeholders" whose mission it is to "develop a centralized health care data repository for the purposes of quality improvement, provider performance measurement and public reporting."*

*It won't be long now before Congress acts; hope they "do no harm" allowing the experts time to do the real work!*



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