

The Administrators, Inc.

Bene*fits*

Insurance products to fit your needs & budget

September 2003

Your Health Insurance: Today and Tomorrow

Your health insurance premium is based on a Community Rate determined by the cost and quantity of medical services used by the "community" of small businesses your carrier covers.

With Community Rating the premiums of healthy individuals help to offset the costs of subscribers who use more services. Your carrier uses this method to keep health care more affordable for more people.

Go to another carrier and your premium will probably be based on demographic characteristics, such as the age and gender of your employees. This is then used to determine premiums by predicting your business's future use of health care services. Some carriers also use the medical history of your employees.

As a result, companies with younger male populations usually benefit from lower premiums because they are less likely to use medical services. Higher premiums are assigned to companies with older workers and women of childbearing age.

As other carriers attract younger, "healthier" groups with cheaper rates, your carrier is left with those who need health care the most. This leaves no one in the "community" to offset these costs. Unless legislation is passed to mandate Community Rating by all PA carriers, starting January 1, 2004 your carrier may be forced to use a Demographic Rating System in order to continue to provide services.

Demographic Rating: Save Now? Pay Later?

The method of Demographic Rating uses characteristics such as: age, gender, family status and occupation to determine health care costs.

Welcome to *BeneFits*

BeneFits is TAI's new report for you. Each issue will provide you with information on accessing your benefits, cost saving tips, new products, and ideas on how to keep your business healthy. Our contact information is also included so your benefit questions and needs can be met by our knowledgeable specialists.

Senate Bill 671: Saving Community Rating

Introduced by Senator Robert Wonderling, R-24th District, Senate Bill 671 is known as SB 671 the Pennsylvania Health Care Security Act.

The bill states its purpose "is to promote the availability of health insurance coverage to individuals and small employers regardless of their health status in order to prevent abusive rating practices, to spread health insurance risk more broadly, to establish rules regarding renewability of coverage and to establish limitations on the use of preexisting condition exclusions."

If approved by Pennsylvania legislators, insurance carriers would be required to set a Community Rate for small businesses and prohibited from using medical conditions in establishing premiums for businesses with less than a 100 eligible employees.

At the time this article was written, the bill was being reviewed by the Senate's Insurance Committee. Calls to Senator Wonderling's office revealed optimism that the bill would be passed after some revisions.

Call TAI to get a copy of the bill and to learn who you should contact to express your support of the small business community and SB 671.



Call TAI Today!

Now is the time to review your health care plan. Call your TAI Agent at 800-634-4428 to guide you through these uncertain times. Your Agent can offer you advice on keeping your insurance affordable.

Insurance As You Know It May Never Be the Same

Possibly facing the end of Community Rating and a need to keep up with its competitors, your carrier is trying to make insurance easier for everyone involved. Starting January 1, 2004 they are offering a new series of flexible benefit and prescription programs.

The new plans will allow you to customize your premium by choosing your co-pays for doctors' visits, therapies, facilities, and out-of-network services. Generally, plans with higher co-pays and out-of-pocket costs will have lower monthly premiums.

Keep in mind, many of the core benefits will be different from your current program, including:

- Higher co-pays for ER visits; inpatient hospital services; and outpatient surgeries.
- Increased payments for durable medical equipment and prosthetics.
- Decreased annual maximums for physical, occupational and speech therapies.
- Two levels of co-payments for x-ray, radiology, and diagnostic testing.
- All prescription programs will be based on a formulary list with three co-pays. You'll pay less when using medications listed on the formulary list but can pay a higher co-payment to access covered non-formulary prescriptions.

The most important thing you need to know is if you decide to downgrade after January 1, 2004, these will be the only plans available from your carrier. AS A RESULT, IT IS EXTREMELY IMPORTANT THAT YOU INVESTIGATE YOUR ALTERNATIVES NOW.

The Next Four Months Could Spell TROUBLE for Uninformed Owners

Co-pay. Formulary. HMO. PPO. HIPAA. In-Network.

Out-of-network. Out-of-your-mind. Never before has health insurance been so important (or chaotic). And the bad news is that it will soon get worse for the uninformed business owner.

Within the next 120 days you may encounter these dramatic changes in our region's insurance market:

- The possible elimination of Community Rating for groups of less than 100 employees. Unless the state steps in, all rates will be based on age, gender and possibly your health.



- Realistic chances of premium increases from 25% to 50% unless you act quick to learn about your insurance options. Groups with older workers and women of childbearing age will be hit the hardest.

You must understand these changes or pay for it with unnecessarily high premiums. Now more than ever you WILL need an expert to help you find affordable coverage.

TAI is your expert on insurance matters.

Contact us today.



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**Fax
It**

Want to learn more? Check below and fax it back.

- Please have an Agent call me at _____
- Please have an Agent send information on cheaper plans
- Please have an Agent send information from other carriers
- Please have an Agent send me the facts on Senate Bill 671

Fax your information to 610-604-4922:

Name _____

Business Name _____

Business Address _____

E-mail _____