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Frequently Asked Questions

Iowa ACA Individual and Family Plans Rate Filing/Public Hearing

Q1. What is a public rate hearing? Why is it being held?

A1. The public rate hearing is an opportunity for ACA policyholders to comment on proposed base premium changes for ACA Individual and Family Plans. The hearing, held by the Iowa Insurance Division, is required under Iowa law when insurance carriers file for premium changes over a certain amount.

Q2. When/where is the public hearing?

A2. For ACA members:

The main site for this year's public hearing will be at the Mercy College of Health Sciences Sullivan Center, Room 210, 928 Sixth Ave., Des Moines. Satellite locations in six communities throughout Iowa will also be available through the fiber optic ICN (Iowa Communications Network). The hearing will take place on Saturday, July 23, at 10 a.m.

Site	Address	City	ST	Zip	Building / Room Number
Atlantic Public Library	507 Poplar Street	Atlantic	IA	50022	ICN Room
Columbus Junction Public Library	232 2 nd Street	Columbus Junction	IA	52738	ICN Room
Eldora Public Library	1202 10 th Street	Eldora	IA	50627	ICN Room
Kirkwood Community College	6301 Kirkwood Boulevard SW	Cedar Rapids	IA	52406	Linn Hall, Room 2184
Spencer Public Library	21 East Third Street	Spencer	IA	51301	ICN Room
West Union Public Library	210 N Vine Street	West Union	IA	52175	Main library entrance, go to Heiserman annex.

If a building or ICN room is not accessible, or if there are technical problems, please call 800-572-3940.

Q3. Will all insurance companies go through this public hearing process?

A3. Not necessarily. Public hearings are required for all insurance companies who sell Individual and Family Plans and request a base premium increase more than the average, annual health spending growth rate. The annual health spending growth rate is the percentage of increase in the cost of health care.

For rates effective in 2017, all carriers with proposed base premium increases above 6.4 percent must participate in the hearing process.

Q4. Why should I keep my insurance coverage with Wellmark?

A4. There are many reasons why Wellmark is the right choice for your health insurance. Most importantly, we understand continued premium increases are not sustainable for you and our other members. We've heard the concerns and feedback from our members, and we are taking action.

For 2017, we are introducing some exciting options to give our members choices:

- **New networks** in certain counties that offer better quality of care through providers you know **and trust**.
- **New, simplified products.** Our products for 2017 are designed to offer members more transparent and predictable costs and to help them make informed decisions on the types and quality of care they receive.
- **Access to subsidies** that could help reduce the cost of health insurance premiums for some of our members that qualify.

Also, with Wellmark you get more just for being a member, at no additional cost, including:

- **myWellmark** — your one-stop-shop for all things benefit related.
- **Blue365** — gives you access to exclusive deals and discounts on health and wellness products.
- **BeWell 24/7** — be connected with a real person who can help you with a variety of health-related concerns. It's real help from real people around the clock. Just call 844-84-BEWELL.
- **WebMD Wellness Assessment** — this assessment will help you get the information you need to take charge of your health.

But, it's important to remember, the premium you have today is the same premium you will continue to pay through Dec. 31, 2016. Since the Open Enrollment Period for 2016 is closed, you cannot make any changes to your benefits unless you've recently had a life event that qualifies you for a Special Enrollment Period.

Q5. I heard the recent announcement about rate increases. Who is impacted by this?

A5. The recent announcement about our proposed rate increase for Jan. 1, 2017, is only for our members who are under the age of 65 and purchased an individual ACA plan with a Jan. 1, 2014, or after effective date.

This increase **does not** affect:

- Employer-based health insurance plans,
- Members with Medicare Supplement plans; or
- Pre-ACA individual plans, which includes our grandfathered and grandmothered plans that were sold prior to Jan. 1, 2014.

We are still in the process of determining our rates for our grandfathered and grandmothered Individual and Family Plans. More information will be released on those in June.

Q6. My rates just went up in January. Why am I getting a notice about them going up again?

A6. It's important to know the proposed rate increase **will not** be effective until Jan. 1, 2017.

Wellmark, along with other insurance carriers in Iowa, is required to provide next year's proposed rates to the Iowa Insurance Division based on certain guidelines established by both the federal government, as well as the State of Iowa. One of the guidelines we must follow is the timing in which the rates need to be submitted for approval.

At the same time we provide the proposed rates to the state, we are also required to send a notice about the public hearing to our members, which is why you are learning about this now.

Q7. Why are premiums going up?

A7. We are asking for this increase because we know the cost and use of medical services will continue to rise, creating a need for increased premiums to cover the cost of claims.

Some of the main reasons for the proposed premium increase include:

- **The increase in prescription costs** — the cost and number of prescriptions filled continue to be higher than anticipated. In addition, members are using more high-cost specialty drugs. Many of these drugs are helping members through serious health conditions.
- **The increase in the number of large claims** — our ACA members are using more services and receiving care for more chronic and critical diseases than we anticipated.
- **An increase in members who enroll through Special Enrollment Periods and incur claims that cost nearly double the amount of other members.** Some of these members are receiving expensive services, then dropping coverage soon after receiving care.

Q8. Is this increase due to health care reform?

A8. Partly, yes. The Affordable Care Act (ACA) helped many consumers who previously didn't have access to affordable health insurance. Now there are more members that require more services. Those services are also increasing in costs overall.

Also, the ACA includes several fees and taxes that are collected with the premiums and passed along to the government.

Broader benefits, more members, increased services, taxes and fees are all a result of the ACA and come at an increased cost.

Q9. Who mailed this rate hearing information to me?

A9. Wellmark was required by law to mail the Notice of Public Hearing to members at least 45 days prior to the date of the hearing. We are required to provide the Notice in the format you received. It includes information about the hearing date and locations.

Q10. I heard that some people are receiving rate hearing notices, why didn't I get one?

A10. Only members who have an ACA Individual and Family Plan received rate hearing notices from Wellmark.

This increase **does not** affect:

- Employer-based health insurance plans,
- Members with Medicare Supplement plans; or
- Pre-ACA individual plans, which includes our grandfathered and pre-ACA non-grandfathered plans that were sold prior to Jan. 1, 2014.

We are still in the process of determining the premium increase for our grandfathered and grandmothered Individual and Family Plans. More information will be released on those in June.

Q11. If a member cannot attend the hearing, can he/she still make a comment to the Iowa Insurance Division?

A11. Yes. Members can submit comments directly to the consumer advocate by calling toll-free 877-955-1212, by emailing ConsumerAdvocate@iid.iowa.gov or by going to the [Iowa Insurance Division](http://www.iowa Insurance Division) website, iid.state.ia.us.

Q12. I didn't even use my health benefits. Why are my rates going up?

A12. Your premium increase is not based on the health and medical services used by just you and your family. By law, your premium dollars are managed in a "pool" or a group along with other members who purchased an individual plan similar to yours.

Premiums are set by looking at past claims expenses for the pool or group and by projecting claims for the upcoming policy year.

Think of it like a household budget, we look at the expenses from the previous year and estimate how much money it will take to cover those same expenses for the next year.

The requested increase in the *base premium* reflects the amount of medical claims we expect to pay on behalf of all members in the pool. Everyone in the pool receives the same increase to their base premium, regardless of how many health care dollars each person used last year.

The goal of increasing premiums is to make sure we can cover the cost of claims, so you have the security of knowing we will be here for you when or if you need care in the future.

Q13. What factors influence the cost of health insurance?

A13. Many factors influence the cost of health care and health insurance. Overall, ACA plan members require more services each year:

- Specialty drugs are costing twice what they did last year.
- Members who enroll during a special enrollment period cost double and often cancel coverage after receiving high-cost services.
- And, we're seeing a 200% increase in high-dollar claims over \$100,000.

These factors, combined with government fees and taxes, are contributing to the overall cost of health insurance.

NOTE: For factors specific to the ACA increase, see the ACA infographic on Producer Connection.

Q14. How soon after the public hearing will the insurance commissioner decide if the base premium increase is appropriate?

A14. Wellmark anticipates the Insurance Division will make the decision within 30 days of the hearing date.

Q15. Should I be looking at other benefit options today?

A15. No, not yet. You will be able to make changes to your plan during the next **Open Enrollment Period, which is Nov. 1, 2016 – Jan. 31, 2017**. At that time, your agent or a Wellmark representative can help you look at your options and help you decide the best solution for your unique needs.

Rest assured that the premium amount you pay today is the same premium you will continue to pay through Dec. 31, 2016.

Since the Open Enrollment Period for 2016 is closed, you cannot make any changes to your benefits unless you've recently had a life event that qualifies you for a Special Enrollment Period.

Q16. The media stated the rate increase was 42.6/37.8 percent. Why is my premium increase different?

A16. There are other factors that go into a total premium besides just the base premium.

The total premium amount depends on personal factors that affect rates such as changes in coverage, benefits, age, geography, and/or tobacco status. All insurance companies are prohibited by law from varying individual policyholders' premiums based on any other factors.

Q17. I don't understand how you know my rates, but you don't know the rates for your other Individual plans (for example, a husband that has an Individual ACA plan and a wife that has a grandfathered plan)?

A17. It's because the state and federal timelines that all insurance carriers have to follow for filing ACA plans are different than the timelines for other individual plans.

We are now working on rates for our other plans. As soon as we have the information prepared, it will be shared.

Q18. What do the factors in the chart in my letter really mean?

A18. If you refer to your letter, you will see the definitions for each of the factors that are applied to the premium change for your plan.

The first row is medical trend and government risk-sharing programs. Medical trend is the change in cost to provide health care services to policyholders. This includes increases in how many people use services, how often they use them, the cost of the services used, new technologies and drug therapies.

It also includes amounts associated with government risk-sharing programs such as the Risk Adjustment Program. This is a permanent program that transfers payments between health insurance carriers. Under this program, if one carrier insures more healthy people and another insures more unhealthy people, the carrier with the healthier population will make a payment to the carrier with the unhealthier population.

The second row is government fees, which includes the Patient-Centered Outcomes Research Institute (PCORI) fee. The PCORI fee helps fund research to determine the effectiveness of treatments. The research findings are used to assist in making informed health decisions, which will lead to a better quality of care. It also reflects the removal of the health insurer fee in 2017. The removal resulted in a reduction of fees year over year.

The third row is administrative expenses, such as customer service, claims processing, provider contracting, network access, government compliance, agent compensation, and

other costs to the company. Wellmark is taking steps to ensure that our administrative expenses, as a percent of premium, remains the same or decreases over time.

Q19. Can you explain to me what the dollars and percents mean in my letter?

A19. The Iowa Insurance Division requires that we identify the factors responsible for the requested increase. We also have to show the percentage and dollar amounts tied to each factor's portion of the total increase requested.

The dollar amount represents the amount of the base premium increase for each factor for the members in your pool. The percentage shows what portion of the total percent increase can be attributed to each factor. When you combine the percentages for each, it equals the total increase to your base rate of 42.6 percent (ACA PPO plans)/37.8 percent (ACA HMO plans).

It's important to know that these figures are only for the requested base premium increase. They are not specific to your total individual premium rate. There are other factors such as age, benefit differences, geography, and tobacco use that affect your total premium. We will provide your actual premium change amount prior to Open Enrollment this fall, which begins on Nov. 1.

Q20. Who attended the last public hearing for Wellmark?

A20. Laura Jackson, Wellmark executive vice president for Health Care Innovation and Business Development attended the last hearing. Laura is responsible for the management and compensation of the provider network, agents, pharmacy, health and care management, including wellness, health care analytics, sustainability, sales and marketing.

Q21. How much do your administrative costs contribute to the proposed rate increase?

A21. Wellmark's administrative costs account for a small percentage – only 3% – or three cents of every premium dollar paid. Wellmark is one of the most administratively efficient companies in the health insurance industry.

There are laws in place to protect you from unnecessary increases in premium. If any health insurance company receives too much in premiums and does not pay out enough in health care claims, it is required to refund money back to members. Wellmark has consistently met and exceeded these requirements.

Producer Questions

Q22. What will be communicated to my individual clients?

A22. Wellmark will be sending a letter directly to our impacted clients as soon as the rates are announced.

Your clients do not need to do anything at this time. If they call or stop by your office, reassure them that these new rates won't go into effect until January 2017 and they will receive information on their rates this fall, closer to open enrollment.

Q23. What other resources will be available to help me with client questions?

A23. We know your clients will have questions and concerns. In addition to this Q&A, we created an infographic to help further explain why the proposed rate increases are more than what we've experienced in the past. Both tools will be available on the Producer Connection at Wellmark.com on May 12.

You'll also receive more information to help your clients sort through their options during upcoming training events.

Wellmark will provide more information and any new details through News Alerts and BBOs. Your General Agency or Retail Agency can also assist you.

Q24. Will rates be increasing for small businesses?

A24. Yes. On May 9, we filed proposed rate increases of 12.8% (PPO) and 8.7% (HMO) for small group ACA plans, which are businesses who have between 1 and 50 eligible employees. If approved, these increases will be effective Jan. 1, 2017.

We are asking for those increases because of the rise in services used beyond what was anticipated and we expect that trend to continue.