

Idaho Statesman, Wednesday, Feb. 2, 2011 – by Audrey Dutton (2 pages)

Health reform boosts premiums

Idaho insurers say new coverage requirements will add 1% to 2% to already higher costs this year.

Health screenings and vaccinations are among the requirements driving premiums even higher than usual this year, according to Idaho's two largest health insurers. The Patient Protection and Affordable Care Act, enacted by Congress last year and being rolled out through 2014, has mandated some new services that Idaho did not require before.

Insurers this year must start paying for mammograms, colonoscopies and certain other preventive services without asking members to cover out-of-pocket costs.

On average, those and other provisions in the new law will raise medical coverage costs by 1 to 1.5 percent for Blue Cross of Idaho's 410,000 members, spokeswoman Karen Early said. Regence BlueShield of Idaho's 180,000 members will pay less than 2 percent more on average for medical care, spokeswoman Georganne Benjamin said.

That's not nearly as much as health care premiums have been rising in recent years. Neither company would say how much it expects rates to rise overall this year in Idaho. Premiums for employer-sponsored family plans in Idaho have grown 96 percent since 1999, one of the lowest increases in the country, according to federal data.

"Premiums are primarily driven by overall health care costs," Benjamin said.

The average American family premium has climbed 131 percent since 1999, the U.S. Department of Health and Human Services said in December when it proposed a rule to scrutinize premiums. The rule would force insurers to publicly justify unreasonable rate hikes. "Unreasonable" would be 10 percent or more in 2011, the department argued.

The two Idaho insurers say additional increases could come as more provisions of the law kick in by 2014 — assuming the law remains in effect. A second federal judge ruled Monday that it was unconstitutional for Congress to require all Americans to buy private insurance. That debate appears likely to be settled by the U.S. Supreme Court.

"If you increase what you cover, you're going to have an increase in the cost of providing care," Early said. But "at the moment, the benefit increases are modest."

For a 50-year-old male smoker in Boise paying a monthly premium of \$105 to \$293 for Regence and \$121 to \$466 for Blue Cross, monthly costs would go up a few dollars, and colonoscopies would be free.

Insurance premiums may increase even for people and employers who opted to keep the same coverage they had last year. The overall effect of health reform could be more pronounced in Idaho than in some other states, where the newly mandated coverage was already the norm, Early said.

Idaho has fewer health-insurance coverage mandates than many states. Blue Cross of Idaho and Regence say their rates won't be affected by another provision in the federal law that regulates how premiums are spent.

As of Jan. 1, insurers must spend at least 80 to 85 percent of premium dollars on actual health care. The two insurers say they keep less than 10 cents of each dollar for administration costs. Actual premiums vary based on such factors as age, gender, tobacco use, and the amount of the deductible.