

Henry C GrosJean

Arizona's small employers, in their search for group health coverage, are experiencing their own form of "shock and awe."

It's one thing that health plan increases are consistently double digit at renewal, but, an overriding concern are the premiums that insurers are offering employers who are trying to obtain group coverage, either for the first time, or as an alternative.

Virtually all small employers with 25 or fewer employees that are searching for a group health plan are subject to having their employees answer a series of health questions.

This enables the health insurance company to access the risk and to charge, what they consider, is an appropriate premium. This principal is the basis for all insurance

The insurer is allowed, under Arizona insurance statute A.R.S. 20-2311, for groups of 2-25 employees, to impose a premium "surcharge" due to several factors.

It states, the premium that can be charged to a small employer "shall not vary by more than 60% from the index rate."

The word "vary" was "strategically" inserted and is, obviously, open to interpretation.

The other problem is the "index rate," which is an "arithmetic average" premium that is established by the insurer. No one, other than the insurance company, seems to know what this "average" is!

In addition, the health plan can make "adjustments" with respect to demographics or gender, age and the geographic area or zip code.

The following is a sampling of States that allow their insurers to "surcharge" extra premium, based on similar underwriting criteria, and similar Statutes, to prospective small employers with from 2 to 25 employees.

The "allowable load" represents the "maximum" that can be added to the monthly premium and is indicative of what small employers are up against, not just in Arizona, but nationwide.

<u>State</u>	<u>Allowable Premium Load</u>
Alaska	108%
Arizona	300%
Arkansas	67%
California	15%
Delaware	108%
Georgia	67%
Idaho	200%
Illinois	67%
Indiana	108%
Iowa	67%
Kansas	67%
Louisiana	98%
Minnesota	67%
Missouri	67%
Montana	67%
Nebraska	67%
Nevada	85%
New Mexico	50%
North Carolina	50%
North Dakota	50%
Ohio	108%
Oklahoma	67%
South Carolina	67%
South Dakota	67%
Tennessee	107%
Texas	67%
Utah	85%
West Virginia	85%
Wisconsin	85%
Wyoming	108%

Small businesses, even though they are the major employer, continue to be the “missing link” in the healthcare debate.

They not only lack the leverage of large employers, but lack the ear of our lawmakers.

The business community needs not only to address the absence of a policy to fix this problem, but the right politics to do so.

One of the main issues to contend with, however, are those who will conspire against any kind of consensus due to their own narrow view of this cost crisis.

Henry C GrosJean is an independent agent and the benefit advisor to the Arizona Small Business Association and can be reached at 623-435-8400 or www.grosjean.com