

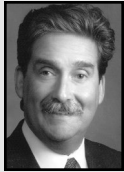
THE RAUSER REVIEW

APRIL 2007

VOLUME 9, NUMBER 1

A VIEW FROM THE CROW'S NEST

Transparency also means telling the truth!



Jon C. Rauser

The health care reform debate is correctly (in my view)

moving away from a simple focus on the *financing* of health care toward scrutiny of the cost, quality and appropriateness of the *delivery* of the care itself. (We can argue all day about whether the government or the private sector is more efficient in the administrative function - representing just 10 to 15% of the total cost - but then we would be ignoring the real problem!)

And when we touch on the efficacy of modern medicine it is disturbingly difficult to get agreement. Case in point: Just now we are learning about Elizabeth Edward's



HHS SECRETARY DETAILS KEY ELEMENTS OF HEALTH CARE TRANSPARENCY

In personal appearances across the country including a stop at Bucyrus Erie on March 7, Department of Health & Human Services Secretary Michael Leavitt is promoting the "four cornerstones" of health care transparency. Quoting from The Business Health Care Group and Wisconsin Collaborative invite to this event, the four cornerstones are:

'Connecting the System: Electronic medical record keeping standards need to be identified so the health information systems can quickly and securely communicate and exchange data.'

'Measure and Publish Data: To measure quality, doctors and hospitals need to define

benchmarks.'

'Measure and Publish Price: Without information on total cost, price information is useless. Agreement is needed on what procedures and services are covered in each 'episode of care.'

'Create Positive Incentives: Providers, patients, insurance plans and payers should all participate in arrangements that reward both those who offer and those who purchase high-quality, competitively priced health care.'"

Check out the HHS website promoting 'Value Driven Health Care' and "Declare Your Support" at www.hhs.gov/transparency/

SMALL GROUP HEALTH INSURANCE RENEWAL TRENDS

Consistent with the client mix served by The Rauser Agency, it is estimated that 90% of Wisconsin businesses have fewer than 50 employees. So the policy year renewals for groups we served through the first quarter of 2007 may shed a little light on health insurance trends.

Renewals evolve through the course of this agency's work with clients and insurers. The renewals (and the attendant pricetags) first delivered to our clients are often reduced through a variety of 'strategies'; e.g., changing carriers or changing benefits...or sometimes just begging! On average, though,

the "first round" renewals year to date have been coming in 10.4% higher than last year's premiums. That is fractionally lower than last year's renewal increases and reflects an improving trend in health care costs. After underwriting and plan design changes, our clients' final post renewal premiums average only 0.3% above last year. This result was *not* achieved with dramatic cost shifting to employees. The average deductible pre-renewal was \$1,333; post renewal deductibles are at an average level of \$1,428. Note: most of these higher deductible plans still have Co-Pays for Office Visits and



When? May 2-3, 2007

Where? Wisconsin Exposition Center

Find Us? Booth(s) 508-510

More Info? www.biztimes.com/expo

Jon Rauser & Andrew Wadsworth Present:
Three Great Myths of a Single-Payer Healthcare Delivery System
Wednesday May 2, Room 1

Crow's Nest Cont.

and Tony Snow's cancers.

Time Out: Are these two very high profile cancers The Good Lord's way of not so delicately reminding us that health/illness - care and reform - are not the property of the left or the right?!

Time In: Reacting to Mrs. Edwards breast cancer, the March 26th Wall Street Journal ran an article providing interesting statistics illustrating *very favorable* breast cancer survival rates in the U.S. compared to Europe. I emailed the article to dozens of friends and clients. Many sent replies like this one from an out of state friend:

"Thanks for the article. I was not aware of this. As a matter of fact, I thought Europe was ahead of us in cancer treatment."

It does not surprise me so many are confused about our country's health care.

Trends Cont.

Drugs; 15% are HSA-eligible "qualified" plans. New business sales, however, are nearly 50% HSA!

Our client/employers pay on average 79% of the billed premium, an amount virtually unchanged from last year. Net of the employee's premium contribution, our groups average annual cost of health insurance per employee (exclusive of dental, life, disability and other benefits) post renewal is \$4,075. Depending upon the source, national surveys report the average annual health insurance cost at

Many **myths** about our system have been repeated so often the truth has been obscured.

Incomplete comparisons, such as those citing infant mortality and/or life expectancy in the U.S. versus Europe, are frequently used to "sell" Single Payer Systems. In my business, marketing practices that are "misleading because of incompleteness" are deemed to be "unfair" (Wisconsin Statutes; Ins 628.34). If health insurance agents are required by law to tell the *whole* truth, I think this is a standard we should apply to all those who will reform the system.

If the growing consensus that "price transparency" is a key to controlling health care costs then that transparency will require honest **and complete**, thus reliable, information!

\$8-9,000 (or more for those in the public sector) per employee. One more statistic: our client's net health insurance costs as a per cent of payroll runs at 6.6%.

Regular readers of The Rauser Review know I have railed for years against the **myth** that small businesses can't get the same 'deals' on health care as Fortune 500 companies. The truth is, insurer's smallest policyholders enjoy the same discounts as 'big business,' and they *are* very savvy purchasers of health insurance. So, GM (or Scott Walker), eat your heart out!!

TIMOTHY B. HARRIGAN

A few years ago Tim Harrigan joined The Rauser Agency to concentrate on health insurance for the self-employed and individuals. We have enjoyed working with Tim, and support his recent decision to move his practice to his in-home office. We wish Tim the very best and look forward to our continuing friendship.

You can reach Tim at 262-376-9000.



Private Sector Health Solutions
For Small Business

THE RAUSER AGENCY, INC.

Since 1981

400 East Wisconsin Avenue
Suite 200
Milwaukee, WI 53202
414-276-2700
Fax 414-276-7730
Toll Free 800-813-1884
www.therauseragency.com

Using top rated insurers, we facilitate the design and implementation of employee benefits. We have the influence and experience to help clients navigate the complexities of HR administration. Through wellness initiatives and focused communication, we strive to enable consumers to be savvy health care purchasers.

Jon C. Rauser
President

Christopher J. McArdle
Client Services Manager

Mara A.S. Demien, CFC
Compliance

Andrew M. Wadsworth, CHC
Small Group Medical

Catherine Antonie
(Planned Futures, LLC)
Long Term Care

Visit Our Website
www.therauseragency.com