

Executive Summary Survey of Licensed Agents: Health Insurance Premium Rate Increases – 2013-2014

The Minnesota Jobs Coalition, in consultation with the National Federation of Independent Business Minnesota, hired insurance analyst Dave Racer to do a survey on licensed insurance agents regarding the impact of the new federal healthcare law (Obamacare) on small business and individual purchasers of health insurance for policies purchased for 2014. This is a survey of policies that were purchased during the first open enrollment period, which ran from October 1, 2013 to March 31, 2014.

The survey included 233 licensed health insurance agents, who service 2,454 businesses and tens of thousands of employees/ individuals. Below is a short summary of the key findings.

- In the small group market, which involved 60 agents that represent 2,454 businesses and tens of thousands of insureds, 74.3% of the small businesses had an increase and 25.7% had a decrease.
- 86.7% of the small businesses that had an increase had one greater than 10%.
- The statewide average greatest increase was 44.6%.
- The high increase was a phenomenal 135%!
- Of the 25.7% of the sample that had a decrease, the average greatest decrease statewide was 12.51% and the high decrease of 62% was found.
- Regarding the individual market, 66.4% of the individuals chose a health plan that actually increased their insurance premiums and 33.6% chose a plan that decreased their premiums.
- For individuals the average statewide increase was 25.7% and the average decrease was 5.8% statewide.
- Regarding individuals, the statewide maximum average increase was 38.4% with one individual having a whopping 87%!
- The maximum average statewide decrease was 11.6% with a few agents having an individual with a 50% decrease.

Small Group Fallout from Large Increases

- 64.9% of the respondents said in a reaction to significantly higher health insurance rates, they would either increase employee contributions, drop coverage altogether, or increase employee compensation and send them to the health insurance exchange or individual market.
- For those that dropped coverage, 67.8% cited cost and unaffordability as the key factors.

More on the Way

- A large number of small businesses strategically renewed their health insurance policies ahead of time in 2013 to avoid major cost increasing factors in the new federal healthcare law/Obamacare. The vast majority of those businesses are going to get a large increase in 2014 in the range of 40% we have been told by many insurance agents.
- The majority of small businesses have a favorable claims experience and these firms will experience a significant increase in cost due to the imposition of community rating, which does not allow any sort of claims experience underwriting whatsoever.