

Insurance Times: NH individual high risk pool rates approved in time for July 1 debut
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by Penny Williams

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BEDFORD, N.H. — The New Hampshire individual health insurance market is a troubled market with too few carriers, too high premiums, too little competition and too many people forced to go without health insurance coverage.

The New Hampshire Broker community is now getting its first look at the state's new plan to address that marketplace prior to having it operational July 1, 2002. The New Hampshire High Risk Pool product will be officially known as the New Hampshire Health Plan (NHHP).

The new high risk pool will contain four plan options - two under an indemnity type plan and two under a managed care (PPO) type plan. Pricing will be according to whether the eligible individual is a tobacco user or not and what plan option is selected.

If an individual in a family is eligible for the NHHP, all other family members are eligible as well however each would be individually rated.

Deductibles range from \$2,750 to \$3,500 for NHHP indemnity plans and from \$2,500 (\$3,750 out of network) to \$3,250 (\$4,250 out of network) for NHHP PPO plans. Coinsurance limits are \$5,000 or \$10,000 and benefits are paid at 80 percent until the coinsurance limit is met and thereafter at 100 percent. PPO plans pay 60 percent for care delivered out of network. Maximum benefits for all plans are \$1,000,000 lifetime and \$250,000 per calendar year.

Option A Plans include maternity coverage and have higher benefit levels than Option B Plans. Maternity is not included under Option B plans, deductibles and coinsurance limits are higher and inpatient and outpatient mental and nervous, alcohol and substance abuse benefit levels are substantially lower with Option B plans. Prescription drugs are covered under all plans with a separate \$500 deductible and then a \$10 copay for generic drugs and 40% copay for brand name drugs.

N.H. Residents Only

Only New Hampshire residents are eligible for this coverage. Proof of residency will be required and is defined as a person's primary residence.

Eligibility for the NHHP can come about for four reasons, although most often it will be because a health insurance application has been rejected. Under the reform legislation giving rise to this new product, medical underwriting is allowed for individual health insurance.

A second way an individual might become eligible is if the health insurance coverage being offered has a premium rate greater than that available through NHHP. The individual then has a choice of which policy to choose.

Eligibility may come because the policy an individual currently has, upon renewal, will have a higher premium rate than what is available through NHHP. The policyholder must be given the option of selecting NHHP.

And finally, an individual may be eligible for the NHHP coverage because of the federal Health Insurance Portability and Accountability Act of 1996 (HIPPA).

This new product provides some much needed competition in the marketplace and increases choice for the consumer.

Some diseases or conditions are automatic triggers for NHHP. Individuals having the following conditions will likely be rejected because of medical underwriting by health insurers thus making them are immediately eligible for the pool. These include chronic kidney failure/dialysis, cirrhosis, HIV/AIDS. Hemophilia, hydrocephalus, Hodgkin's, juvenile diabetes, leukemia, major organ transplant, multiple sclerosis, muscular dystrophy, myasthenia gravis, paraplegia/quadriplegia, pernicious anemia, spina bifida, and systemic lupus. This list is as of April 12, 2002 and is subject to revision.

NHHP is being capitalized by a \$.60 per month assessment on all covered lives in New Hampshire including certain self-insured lives. This assessment is in addition to the assessment mechanism implemented two years ago to try and stabilize the individual marketplace. That assessment is \$.36 assessment per month per covered life. This means there is a total assessment of \$.96 per covered life.

'Death Spiral'

The individual health market in 1997 had entered the "death spiral" stage. Carriers were down to three active writers and then another exited. In 2001, the legislature adopted the high risk pool which was modeled on several mid-Western pools but with state-specific requirements. The NHHP is the insurer of last resort. Brokers will receive a \$50 referral fee for pool business. This business is not intended to be commission driven.

There have been some positive changes already as a result of the reforms enacted. Allowing medical underwriting and the creation of the pool has stopped the exodus of carriers. In fact, Time Fortis is returning to the individual market this summer after leaving the state two years ago.

New Hampshire will now have four active insurers in the individual market. Anthem Blue Cross Blue Shield, Time/Fortis, American Republic and Mutual of Omaha will all be activity marketing a number of plans for the individual New Hampshire consumer effective July 1.

Cindy Merrill, speaking for Anthem, said the company recently rolled out its new individual market product, Blue Direct, but will be re-visiting the published premiums because as presently stated, they are higher than what is acceptable in the marketplace.

"We will be coming out with different premium rates," she said. "A mistake was made and we are addressing it."

Fred Potter, CML administrators will be the managing director for NHHP. Claims will be handled by CBA/EBPA, Exeter, N.H. p