



# Companies, participants face challenges with health insurance

By Paul Breslau, Breslau Insurance & Benefits Inc.

Statewide and national acquisitions, withdrawals, rate increases and other corporate changes impact every employer and individual in Arizona. David Bowie's line in "Changes," you've left us up to our necks in it," may best describe the Arizona health insurance and benefits marketplace challenges in the months and years ahead.

## Health insurance companies

To start, the Arizona Department of Insurance ordered Meritus Health to discontinue operations at the end of December. This forced 60,000 insured Arizonans, many of whom were employed at local businesses, to find new health insurance by January 1, 2016. The short notice strained all.

Next up, Health Net was purchased by Centene and implementation is underway. Based on recent renewals the operations of Health Net in Arizona have not been impacted thus far. Centene is California Medicaid with no Arizona presence. While the rate increases are noticeable, Health Net remains a viable solution for the time being.

At this point, the purchase of CIGNA by Anthem awaits final regulatory approval. The Arizona impact should not be great because Anthem is not present in Arizona. The Aetna purchase of Humana also awaits approval and this will have larger impact due to their joint Arizona market share. BlueCross of Arizona and UnitedHealthcare, while not merging, are withdrawing from some or all of the Arizona individual and family health insurance marketplace. The prediction is these changes will result in fewer options and higher rates for every person and business.

## Hospitals, Doctors, Prescriptions

Consolidation is happening, take Scottsdale Health and John C Lincoln into HonorHealth as an example. Doctors are combining practices, retiring or selling out to hospitals. The formulary listings

for prescriptions are being tightened. Laboratory Services disruptor Theranos was strong in Arizona including locations in Walgreens. It is just announced that Theranos just voided two years of certain blood tests due to quality control issues. Events like these will continue to confuse and frustrate many Arizonans.

## Broker Consolidation

Then there is ongoing consolidation of the larger insurance brokers. Many smaller agents are older and retiring. Zenefits, the market disruptor in this field, is failing with proper licensing compliance. Zenefits has also taken thousands of employers on Broker of Record letters. In my opinion, Zenefits is not staffed by longstanding experts in the Arizona health insurance marketplace and they will not be able to handle their employer renewal work load in the fourth quarter 2016.

## End of Grandmother Plans

The last negative item is the fact that all old-style benefit plans that remain under the grandmother exceptions will need to move to Affordable Care Act compliant plans. For example, many employers still have \$10,000 deductible plans with low rates. These plans must improve their benefits by January 2018 at the latest.

## Innovations and Good News!

Now for the positive. First, Arizona Kidscare was finally approved and an estimated 30,000 children of working families will now have health insurance. "In addition to the medical services for our children Kidscare will bring an estimated \$40 million of positive economic impact to Arizona at little expense to the state" according to Steve Roman, partner of FirstStrategic.

Next, like all Americans, Arizonians enjoy creative destruction. For example, my April article outlined how Paul Johnson and David Berg and their Redirect Health

initiative will guide employers to achieving reduced costs and improved benefits. Hospitals and insurance companies must drive revenue growth in what I call this "medical industrial complex" world of ours. Redirect Health is the best antidote to combat this overconsumption and overpaying for medical services that I know of.

Another example of an innovative Arizona employer solution is EMI Health. EMI has industry specific, pooled health insurance that offers employers engagement and transparency on how their health care dollars are spent. This program that is unique to this market and is gaining in popularity.

The voluntary health and insurance markets are thriving including critical illness, hospital indemnity, disability, dental, etc. Limited self-funding is available to businesses with 10 or fewer employees. Short-term health insurance can be used for certain individual and family circumstances. It seems that a combination of these lower costing solutions is rapidly gaining market share.

## Action Required

What you need is an expert health insurance agent to guide you when your time of reckoning arrives later this year. Contact your agent, or if you need a new one call me at (602) 692-6832 or email Paul@HRaz.com. Or we are your bilingual bridge in this community contact. I will match you with the best professional expert agent or broker for your situation. With the growth of the Hispanic market and ACA regulations this includes fluent bi-lingual expert agents. ■

---

*Paul Breslau — registered health underwriter (RHU), registered employee benefit consultant (REBC), chartered life underwriter (CLU), chartered financial consultant (ChFC), chartered adviser for senior living (CASL) — is president of Breslau Insurance & Benefits Inc.*