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WHO'S AFRAID OF THE BIG BAD WOLF

The mid-term elections are now over and House of Representatives has taken a bit of a right turn as we head down the road to 2011.

How the recent healthcare reform package will be tended to remains to be seen. The talks of compromise will indeed permeate the scene but as we all well know, politics on the beltway welcomes compromise as much as Little Red Riding Hood welcomes the Big Bad Wolf. However as the pieces fall, the Health Insurance Industry is certainly in a transition period. No where is this more evident then in the New York small group market where the number of insurance carriers offering medical coverage has narrowed considerably. This has created more of an issue

to us agents who recall that when one carrier raised rates there was at least one carrier offering more reasonable premiums. This does not seem to be the case anymore.



Insurance carriers have reported that recent claim utilization has diminished in all medical fields. This can be attributed to a number of factors, one being the economy, as people have tended to put off elective and non-urgent care with the advent of larger deductibles and co-insurance. Also seasonable

flu was less evident this past year. One other factor is that many people who lost their jobs also saw their Cobra coverage expire. Historically Cobra coverage has been a "high claims" machine as many people with pre-existing conditions extend their coverage as long as they can under the group rate. This tends to mean that the claims paid will exceed the premiums received.

The Associated Press has reported based on the above that the profits for the big insurance carriers have risen better than expected. One example is Aetna whose quarterly earnings rose 53%. This will surely fuel the employers frustration when they get their renewals.

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