

Companies say prognosis good for low-cost plans

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Health insurance companies now are looking to the uninsured in Indiana and other states to expand their customer base.

The majority of Indiana residents without insurance earn less than \$40,000 a year for a family of four. But the largest increase in families without health insurance is to those making \$50,000 to \$75,000 a year for a family of four, according to the Indiana Family and Social Services Administration (FSSA).

Enter individual health insurance plans, which cover some basic and preventative medical expenses and also offer catastrophic health-care coverage. The plans are designed for a single person or family rather than a group of people, such as a business' work force.

For example, a healthy, 25-year-old male in Indiana might pay a \$40-a-month premium under Anthem Blue Cross and Blue Shield's plan, which would include prescription drug coverage and preventative exams, according to Anthem. Deductibles for Anthem's individual health insurance plans range from \$2,000 to \$10,000. The higher the deductible, the lower the monthly premium.

Doug Short, president of Benicomp Group in Fort Wayne, said individual health insurance plans are increasingly popular in areas that have a lot of small employers, like Fort Wayne. He said increased costs are forcing some businesses to stop offering insurance. That leaves room to sell individual plans as those employees look to replace their coverage.

"Individual policies will not be engaged if (employees) have access to group medical coverage," Short said. "Employers are dropping coverage because they can't afford it."

The individual plans differ from the Consolidated Omnibus Budget Reconciliation Act, better known by its acronym, COBRA, which allows employees to continue their health insurance coverage once they leave their jobs. Under COBRA, an employee remains a part of the company's health insurance plan, but he or she must pay the entire premium each month - an amount that can equal several hundred dollars.

Anthem Blue Cross and Blue Shield is targeting its individual plans toward young people ages 18 to 29 who feel they don't need insurance and empty-nesters ages 45 to 55, said Hugh Hammond, Anthem regional vice president of individual sales for Indiana, Kentucky, Missouri, Ohio and Wisconsin.

Both are groups that insurance companies have found can afford a health insurance plan, but for one reason or another do not have one.

"One of the objectives of the value plan was to lower the rolls of the uninsured," Hammond said.

Health insurance companies say there is a market for the plans, as more people look to replace employer-sponsored coverage or to bridge coverage gaps between jobs.

The American Medical Association voted last month to support a policy that would require anyone with an income more than five times the federal poverty level - \$49,000 for an individual and \$100,000 for a family of four - to purchase health insurance. About 11 percent of Americans who are uninsured, about 5 million people, fit that category.

David Colby, chief financial officer of Indianapolis-based insurer WellPoint Inc., said at the Midwest Research 2006 Health Care Conference last month that the company believes it can

serve 30 million of the more than 45 million uninsured Americans. About 16 million of uninsured Americans are able to afford private health insurance, Colby said.

Anthem is a WellPoint subsidiary.

Angela Walker, northern Indiana sales representative for HumanaOne, Humana Inc.'s individual health insurance product, said the plan has been available in Indiana for about two years and its popularity is expected to increase as more people learn of it.

Humana has about 5,000 customers enrolled in its individual health insurance plan, which includes a choice between a preferred provider organization and a health savings account. The company has about 100,000 customers in Indiana overall.

"There is unlimited growth potential," Walker said of the individual health insurance plans.

Insurance companies have been rolling out more products directed to individuals as concerns about, and the number of, uninsured people has risen.

Anthem Blue Cross and Blue Shield began offering its individual health insurance plan earlier this year in Indiana, Kentucky and Ohio, and more than half of the enrollees are Hoosiers.

Anthem has about 150,000 customers in northeast Indiana. The company would not provide specific enrollment numbers for its new individual health insurance plan.

Hammond said research suggests the market for the plans could grow 10 to 12 percent.

"We're really going to go after the uninsured that have the ability (to buy insurance) but chose not to," he said. "We expect it to grow."

There are between 561,000 and 868,000 people in Indiana who do not have health insurance, according to FSSA (the number varies depending on the survey used). That is between 9 and 14 percent of the state's population.

FSSA representatives have tentatively scheduled public meetings in northeast Indiana Aug. 9 and 10 as part of a statewide effort to get input on the problem of uninsured residents.

Dennis Rosebrough, FSSA communications director, said the state is working to determine how it can help residents find coverage, especially those ages 19 to 64 who do not qualify for Medicare or Medicaid.

Rosebrough said the individual health insurance plans will help, but likely not address the global issue. That could require a combination of insurance companies' products and government assistance.

"One of the ideas is the state provides support for people to buy private insurance products," he said. "My projection is there will be some involvement with the private insurance industry no matter where the Indiana plan may fall."