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WILL POWERS/SPECIAL TO THE BUSINESS JOURNAL

Small-business insurance agent Henry GrosJean is leading the charge at the state Capitol to have insurance companies reveal more rate information.

BROKERING THE DEAL

Agent lobbies Legislature to make small business insurance affordable

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Henry GrosJean is a small-business insurance agent who takes his customers seriously.

So seriously, that he lobbied the Arizona Legislature to craft a bill he describes as a tiny step toward making insurance more affordable for small businesses.

"If we're going to make an impact on people being able to afford coverage, and not being so dependent on state coverage, then we need to make health insurance more affordable," said GrosJean.

GrosJean convinced Rep. Doug Quelland, R-Phoenix, chairman of the House Health Committee, to sponsor House Bill 2217 to help agents determine if the rates insurance companies are charging employers are fair.

"Right now, employers will sometimes see two or three rate changes before the final rate is established for their business," GrosJean said. "This has led to a lot of frustration for employers."

The bill, which passed out of the House unanimously, is waiting in the Senate Rules Committee. It would require insurance companies to disclose two rate figures to the Arizona Department of Insurance:

- Their base rates — the best rate possible for a healthy group of employees and dependents.
- Their index rates — the average rate charged to a group.

Insurers can charge businesses 60 percent above or below the index rate, depending on the risk, according to Arizona Revised

Statute 20-2311.

That compares with a national average of 25 percent, according to the National Association of Insurance Commissioners.

California goes to the other extreme, having passed a law that only allows carriers to charge as high as 10 percent above the index rate.

Local insurers do not seem to be opposed to the bill. A Blue Cross Blue Shield of Arizona spokeswoman said the company does not have an official position on the bill.

Tyler Mason, spokesman for United-Healthcare, said the bill philosophically is a step in the right direction. Other states are

taking similar action, he said.

"Anything we can do to make information, especially on health care costs, more available for consumers and the broker community, we're willing to have those discussions and encourage that," Mason said.

Aetna and Cigna insurance officials did not respond to inquiries about their position as of deadline.

The bill is important, GrosJean said, to determine if health insurance carriers are in compliance with Arizona statutes and to allow an insurance agent or employer to determine if the rates being charged are fair.

Quelland said insurance lobbyists see the bill's requirements as another layer of paperwork that must be filed.

"It's an extra step," Mason agreed. But it's one his company would be willing to take.

Brokers want that extra step to make sure insurers comply with the 60 percent rule. Some brokers report increases over the base rate of up to 400 percent.

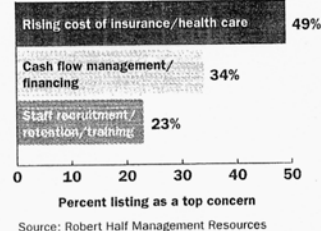
"If we're going to have statutes, then we need to adhere to those statutes or let's not have them," Quelland said. "If it costs (insurers) a little bit more time every month, then so be it. People have a right to know if their rates are going up disproportionately with other states or if they are in line with what state statutes say."

Bob Graham, president and founder of Graham Advisory Corp., a Scottsdale employee benefits brokerage firm, agreed.

"The small employer out there is at the mercy of the insurance carrier," he said. "Where the rip-off is is that when the insur-

BUSINESS CONCERNS

Chief financial officers nationwide cited the following as their top business concerns:



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ance companies don't disclose the base rate, the employer has no means to say what it actually should be paying. All they see is these rate increases."

Graham said he supports the bill. "It definitely helps us to determine what the base rate is," Graham said.

Ron Clegg, an independent insurance agent, said it doesn't seem fair that insurance companies won't reveal their base rates.

"I think one thing we as agents would be able to rely on with Henry's bill is to see exactly what a company's base line is," he said. "Right now, it's all over the board. They can basically do anything they want."