

Pennsylvania House of Representatives Insurance Committee Hearing

Subject: Exorbitant Health Insurance Rate Increases for Small Businesses.

Date: July 20, 2010

Location: Penn Hills Library

To: Committee Chairman DeLuca and Members of the House Insurance Committee

From: Bruce Rosen

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The short version of my testimony is that my insurance premium has just increased 73% from the previous year. For the period of July 1, 2009 to June 30, 2010 our premium was \$725.78 per individual. It has now increased to \$1,260.13 per individual for the period July 1, 2010 to June 30, 2011. My wife and I are the only employees so the actual cost to our family has just risen from \$19,918.72 per year with deductibles to \$32,243.12 with deductibles. My wife works as a psychiatric social worker in private practice. Her annual salary will nearly pay this entire health cost. My company is predominately a brokerage of coal and other commodities at a time when these markets are still depressed from the lingering recession.

Our health situation makes it nearly impossible to change insurance plans as my wife developed breast cancer five years ago and because of a second incident of pulmonary emboli and nodal fibrosis five years ago, I ended up with a pace maker. Although my wife is now cancer free and I am nearly healthy as a horse, all other insurance companies we have contacted will not provide for preexisting conditions for the first year.

To shed some historical light on the rate increases here are the premiums we have paid since the formation of my company in August of 2001.

From August 2001 – June 2005 Premiums were stable at \$975.77 including child = \$11,709.24
In July 2005 I left the premiums of a USW plan and cobra and went to a small business plan;
This was an increase of 101%

July 2005 – June 2006; \$1,968.13 = annual premium including our child in college = \$23,617.56

July 2006 – June 2007; \$2,108.79 = annual premium including our child in college = \$25,305.48

This was a 7% increase

July 2007 – June 2008; \$2,020.09 = annual premium including our child in college = \$24,241.08

This was a decrease of 4%

July 2008 – June 2009; \$2,301.32 = for myself and wife = \$27,615.84

This was a 13% increase

July 2009 – June 2010; \$1,451.56 = for myself and wife with deductibles of \$1,250 = \$19,918.72

This was a decrease of 27%

July 2010 – June 2011; \$2,520.26 = for myself and wife with deductibles of \$1,000 = \$32,243.12

Total increase of 61% with deductibles included

Please understand that the health care that we receive through Highmark is excellent. Fortunately we can make use of the superb medical facilities in Pittsburgh, which for us includes both Allegheny General and UPMC. My concern is that the exorbitant cost of this health care will become unaffordable when my business margins are being reduced, new business is more difficult to develop and old business is harder to maintain.