

To: Marcia Nichols, Chair, Use/Creation of State Pool Workgroup
Re: Experience of small Iowa non-profit agency trying to provide health insurance benefits.
Testimony submitted by:
Women Aware, Inc.
Sioux City, IA
Katie Colling, Executive Director
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We are a small, private non-profit agency with two full time employees, only. We discontinued health insurance benefits four years ago because the premiums we could afford bought less and less coverage every year and placed a higher financial burden on the employees for co-pays, deductibles and maximum out of pocket limits. We had been hopping from one insurance provider to another, one year after another, looking for competitive bids. In the end, we were essentially paying high premiums for catastrophic insurance with no preventative or wellness benefits whatsoever. Although the two employees might be considered “women of a certain age,” neither of us have health issues to warrant double-digit percentage hikes in the premiums every year. At the time we made this decision, health insurance premiums amounted to 5% of our (small) annual budget.

After some research, we chose to offer a Health Reimbursement Account. This is different from a Flexible Spending Arrangement in that HRA’s do not require coverage under any other health care plan to participate. Also, the monthly amount that we pay into the account can accumulate and carry over into the next year. Those are the positive aspects of this option. The downside includes the requirement that the employee pays the entire cost out of their pocket first, and then submits receipts to the agency for reimbursement out of their account. Also, if something catastrophic should happen, the account wouldn’t begin to cover those expenses.

I really struggle to understand why the health insurance industry cannot offer a low-premium product that would cover the wellness essentials. This would actually serve as an incentive for covered individuals to take all of the precautionary measures of annual exams, flu shots and other age-appropriate screenings and perhaps be more mindful about health care as a personal responsibility, based on an annual visit and dialogue with the primary physician. In fact, it would encourage HAVING a primary physician! The current unsatisfactory arrangement that we have does make us extremely selective about how to spend our health care dollars. That is not a bad thing in and of itself, but the funds are very limited compared to the expense of health care, and incurring the expense first is a disincentive to seeking proactive health screenings.

I would like to reiterate that this is a very unhappy arrangement for the board of directors and the staff. We are a resource and advocacy center designed to foster empowerment and self-sufficiency, yet we cannot seem to access reasonable health care coverage for ourselves. Thank you for taking the time to read my testimony—I hope you will glean some helpful insights from it.

KLC