

Testimony – Iowa Insurance Commissioner
September 29, 2009

Primary Health Care, Inc.
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Good morning. My name is Kelly Huntsman, and I am the Executive Director of Primary Health Care, Inc. (PHC), a federally qualified health center located in Des Moines and Marshalltown. We are a private, not-for-profit organization - 501(c) 3 - that provides medical, dental, mental health and supportive services to the underserved and uninsured in Polk and Marshall County. We employ 156 FTE's, including physicians, dentists, nurses, and support staff.

As a federally qualified health center, we offer a wide range of primary care services to our underserved patients including family practice, pediatrics, obstetrics, mental health, and dental. We offer services at three locations in Des Moines and one site in Marshalltown. In addition, we operate a Health Care for the Homeless program where we provide health care to patients living in shelters; a pharmacy that offers low cost medications to those who lack prescription coverage and/or resources; a Ryan White program for persons living with AIDS; a housing advocacy program which provides case management services to homeless and near homeless patients; a family services case management program that provides home visitations and other supportive services for families with young children, and a lead case management program in Marshalltown.

In 2008, we provided services to 22,280 individuals. Of those served, 44% were minorities, 57% fell below 100% of the Federal Poverty Level with 85% of all patients served below 200%; and 56% were uninsured. We serve many who lack insurance, either because they are unemployed, can't afford insurance, or aren't offered insurance by their employer, including other not for profit agencies. We also serve those who are underinsured who have insurance coverage that doesn't meet their needs.

As an employer who is in the business of providing health care, we recognize the importance of keeping our work force healthy. We understand that in caring for others, we must care for our own employees first. We are finding it extremely difficult to balance the needs of our growing patient base against the needs of our workforce. Our operating budget for the current fiscal year is approximately \$12,000,000. Total health care premiums to provide coverage for our employees this year will cost PHC \$1,132,000, nearly 10% of our total operating budget. Although we share the cost of the premium with employees, Primary Health Care still pays a significant portion of that expense (between 75 and 80% of premium cost) or 7% of our operating budget. While we struggle to incorporate these rising costs into the organizational budget, we also

recognize the struggle that our employees face as individuals. With an average median salary for our employees of \$33,408, we recognize that we must provide affordable options for our employees and yet provide a level of coverage that meets the needs of the employees and their families.

We have been fortunate that, in the past 3 years, we have received no increase in premiums for same or similar plans. Unfortunately, this past year we received a 24% increase in our premium, a situation resulting from high employee utilization in a small number of expensive cases. In order to make coverage affordable for both PHC and our employees, we were required to raise co-pays, deductibles, co-insurance and out-of-pocket expenses and still saw a 14% increase in premium. These changes will add to the burden our employees experience in addition to the increase that was passed on for premiums. As an example, an average individual employee (of median salary) who reaches out of pocket maximum of \$3,000 on the PPO plan will incur costs equivalent to 13% of their annual salary. For a single income family who reaches their out of pocket maximum of \$6,000, they will spend more than 28% on health care costs. We also offer a less expensive HMO option with no out of network benefits. An average individual employee (of median salary) who reaches the out of pocket maximum of \$2,000 on the HMO plan will incur costs equivalent to 9% of their annual salary. For a single income family who reaches their out of pocket maximum of \$4,000, they will spend more than 19% on health care costs.

We are faced with difficult choices. Do we provide health care for the growing numbers of patients we are serving at the expense of our employees, or do we limit services in order to maintain the health of our work force? As a health care provider with more than 50% of patients who are uninsured, we recognize the need for health care reform. As a non-profit employer, we are concerned that we will be ineligible to receive proposed tax credits for employers who provide coverage to their employees, thus providing no relief for increasing health care premiums in the not for profit sector.

Thank you for your time this morning.