

Law Offices Of
Price & Associates, P.C.

2005 Noble Street
Swissvale, PA 15218

William C. Price, Jr.
Merle Kramer Mermelstein*
Jay N. Silberblatt*
*Of Counsel

Offices: (412) 271-7334
Fax: (412) 271-4FAX

www.ourlegalteam.com
email: attorneyprice@ourlegalteam.com

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Pa Insurance Committee
Public Hearing on Tuesday, July 20, 2010
1037 Stotler Rd., Penn Hills, PA 15235

The reason why I am here today to testify.

I am *not* here today complain about the general high cost of healthcare in America. My concern has been arbitrary, capricious and discriminatory pricing practices Highmark engages in, to the very real detriment of sole practitioner members of the Allegheny County Bar Association, apparently in an attempt to drive sole practitioners from the insured membership pool.

It is significantly cheaper for sole practitioners to abandon the Allegheny County Bar Association group plan and purchase insurance directly from the same provider.

I have continuously insured my family through the Allegheny County Bar Association sponsored group health insurance plan since 1984. This year I had to abandon the group plan, after more than a quarter of a century, because it is now much cheaper for me to buy health insurance for my family from Highmark directly.

The rate I was quoted for my family through Highmark, walking in off the street at their retail office off McKnight Road last month is over \$4000 cheaper per year, with a much lower deductible then we would be paying in the Bar plan.

I was also told that the that if my wife and I did not have a few minor pre-existing conditions, the savings would have exceeded \$10,000 per year for our family.

Discriminatory Slice & Dice

Although I am a member of the Allegheny County Bar Association and had long subscribed to that organization's "group" health plan, my family was treated differently than other members' families. For purposes of setting rates, Highmark has sliced and diced the membership into hundreds of separate micro-groups by firm. The result is that the premiums for sole practitioners are dramatically different than the rates for other lawyers in the same occupation, age group and county -simply because those other lawyers are in firms covering two or more people.

I have learned from informally comparing rates with colleagues that my rate as a sole practitioner is dramatically different than that of other lawyers with identical demographics, simply because my "group" does not have at least two subscribers.

A good friend of mine is the same age as me but practices in a two attorney law firm in Allegheny County. We have compared our rates over the past few years at each renewal. For me to even approximate the family rate his firm was quoted, I had to swallow a \$7000 annual deductible. Their deductible is minimal. The only difference I can see demographically between our two offices is that in the past five years we have barely used our coverage, while their office has significantly utilized their insurance for multiple surgeries and serious medical care. It simply makes no sense. Why was my one person law firm surcharged so severely?

If my small family of three had remained with the plan this renewal period, our premium would have been approximately \$1540 per month, effective July 1, 2010 with a \$7000 annual deductible, no dental or optical coverage. This represented a 15 per cent increase over the prior year, even though we have not met our high deductible for many years.

The mysteriously impenetrable black box at Highmark.

Whenever I challenged the disparity of rates between sole practitioners and attorneys in groups of two or more, each time I have been chanted the same mantra by the high priests of Highmark. The magic word is "*predictive modeling.*" This mysterious, mystical and magical formula for calculating premiums is

undisclosable,

unverifiable,

unreviewable,

unappealable,

unknowable &

unattainable by the consumer.

Somehow Highmark makes secret determinations, based upon medical criteria they won't reveal, which families are to receive what rate increases. I have personally contacted Highmark repeatedly asking for confirmation of what data they were relying upon in raising my rates because I was concerned there could be errors in my records or the records of my family members, resulting in an unnecessary increase. I have been denied any explanation and access to their data. There appear to be no checks or balances to this rating practice.

Theoretically, for all I know, some Highmark prelate hiding behind the opaque cloak of "predictive modeling" could have simply jacked up my personal rates because I ask too many questions or based upon some other prejudice.

Respectfully submitted,

William C. Price, Jr