

SELLING INDIVIDUAL HEALTH TO THE EMPLOYED UNINSURED



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A Growing Opportunity for Individual Health Sales

The U.S. Census Bureau reported in August of 2007 that the number of uninsured in 2006 had increased by 2.2 million Americans to a total of nearly 47 million – largely because of a decline in employer-sponsored health insurance.

Many companies are no longer offering health insurance coverage to their employees. It's becoming too expensive for them to offer and for many employees to afford. Also, employment has shifted to jobs where health benefits are less likely to be offered. The result is millions of workers in the individual health marketplace seeking coverage for themselves and their dependents.

Employed—yet uninsured—Americans may be:

- Ineligible for group coverage due to job status: temporary, seasonal, part-time, or contract workers
- Waiting for employer-sponsored coverage to begin
- Given an allowance from their employer to purchase individual coverage
- Self-employed and have no access to group coverage at all.

Ask your clients how their health insurance needs are being met – because individual health may be an affordable solution for them.

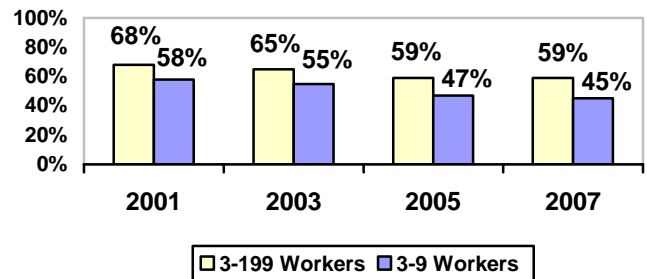
The Statistics

The Kaiser Family Foundation and the Health Research and Educational Trust's annual survey of private and public employers reveals that only 60% of employers offered health benefits in 2007, compared to 69% in 2000.

This drop is driven by the declining percentage of small firms (3-199 workers) that offer coverage. Large firms with 200+ workers have much higher "offer rates," at 98% or 99% each year since 2000.

One of the reasons for this trend is cost. Average premium rate increases continue to outpace workers' earnings and inflation, making premiums unaffordable for many employers as well as for some employees who share in the cost of their coverage.

This chart shows a clear downward trend in the percentage of small firms offering health benefits:



Less than 60% of firms with 3-199 workers offered health benefits to their employees in 2007.

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When employers who offer health benefits were asked what changes, if any, they plan to make on their health plans in the next year,

- 45% reported they are very or somewhat likely to increase the amount workers contribute to premiums
- 37% plan to increase deductible amounts
- 42% will increase office visit cost-sharing
- 41% will increase the amount that employees have to pay for R_x drugs.

While only 3% of firms offering health benefits are somewhat likely or very likely to drop coverage, the study suggests that it's unclear

whether or not offer rates will rise above 60% towards the higher rates at the beginning of the decade.

Among firms that offer coverage, an average of 21% of workers are ineligible for health benefits due to waiting periods or minimum work-hour rules. Furthermore, some eligible employees choose not to enroll in employer-sponsored health coverage because their cost-sharing is too high. These are excellent candidates for individual health coverage.

Source: The Kaiser Family Foundation and Health Research and Educational Trust 2007 Employer Health Benefits 2007 Summary of Findings.



Decline in Employer Sponsored Coverage: The Effect on Children

U.S. Census Bureau figures indicate 710,000 of the additional 2.1 million non-elderly uninsured Americans in 2006 were children age 18 and under, bringing the total number of uninsured children to 9.4 million.

The authors of "What Happened to the Insurance Coverage of Children and Adults in 2006," a Kaiser Commission on Medicaid and the Uninsured article published in September 2007, believe the driving force behind the rise in uninsured children is the decline in employer-sponsored insurance.

When working adults lose access to employer-sponsored health insurance, so do their dependents. In some cases, employers offer coverage to their employees but not to their spouses and children. Either way, millions of children are left uncovered – especially when their family income is too high to qualify for public assistance.

Children at all income levels are affected by the growing unavailability of employer-sponsored coverage, but children in middle income families* accounted for the largest share of growth of uninsured children in 2006.

The result: 340,000 newly uninsured middle income children ineligible for public coverage due to their family income. This brings the category total to 2.1 million, which when added to the number of uninsured children from families at 400%+ the Family Poverty Level, the total number of uninsured children in middle-to-high income families is 3 million.

With no access to employer-sponsored plans or public programs, these children must turn to individual health insurance for the coverage they need. It's likely their families can afford it and will continue to search for policies online or ask their insurance agents for direction and advice.

*Defined by the U.S. Census Bureau as between 200-399% of the Family Poverty Level (FPL), about \$40,000 - \$80,000 for a family of four in 2006

Source: The Kaiser Commission on Medicaid and the Uninsured (www.kff.org).

A Closer Look at the Self-Employed

Among uninsured workers ages 18-64, almost 63% are self-employed or work in small companies.

One of the challenges people face when they open their own business right out of college or leave a big company to go to work for themselves is they don't have access to a group-sponsored health plan. Finding health coverage isn't always easy, especially if they don't know their options.

Self-employed entrepreneurs, freelancers, and consultants may pay for dependent coverage on their spouse's policy, enroll in an association's group plan, or apply for an individual health insurance plan—which may be the most available and affordable alternative.

In fact, it's getting more difficult for the self-employed to get insurance through professional associations. A survey commissioned by the American Society of Association Executives in February 2007 uncovered that fewer than 25% of 1,020 professional and small business associations surveyed offer medical coverage to their members.

In a report discussing their study "Sources of Health Insurance and Characteristics of the Uninsured: Analysis of the March 2007 Current Population Survey," The Employee Benefit Research Institute states that of the 14.1 million self-employed workers age 18-64,

- 2.7 million have individual policies
- 3.3 million are insured through their own business
- 3.7 million are covered by their spouse's insurance or by some other policy
- 0.9 million are insured as part of a public program, and
- 3.8 million are uninsured.

These 3,800,000 million people—and their families—may be excellent candidates for individual health insurance. With the variety of individual major medical plans available in today's marketplace, they should be able to find the quality, affordable coverage they need.

Sources : Employee Benefit Research Institute (www.ebri.org), "Self-employed Lose Healthcare Option", by Lisa Girion, Los Angeles Times, March 28, 2007 (www.boston.com)