

A Registered Investment Advisor

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March 14, 2019

Dear Governor Wolf, Commissioner Altman, Representative Sturla, Representative Cutler, and all PA Representatives,

I am writing this letter to you all to express my concerns about the current state of health insurance for PA residents. In particular the very high cost, the very high out of pocket experiences, and in my situation, the tripling of rates over the last 3 years. Here is the tale of my plight.

I am a 58 year old small business owner who has been self-employed since age 19. I have had to buy my own health insurance for most of my adult life. For 2014, the first year that ACA compliant policies were available I had purchased an old style HSA (Health Savings Account), on 12/31/2013 for 2014. This policy cost my family of 5 \$615.28 per month for a \$5,500 family deductible. For 2015 I bought an ACA policy that cost me \$819.40/month for a deductible that I do not recall. I do remember that it was the highest priced health insurance policy with the highest out of pocket payment that I ever had in my entire life. The next cheapest policy option available to me in 2015 was roughly \$1,000 per month, was unaffordable for me and I did not choose to purchase that policy.

For 2016 the cheapest policy available to my family of 5 was roughly \$1,200/month and was beyond my ability to pay for it. I wish to point out that the newspaper articles were stating that health insurance rates "only" went up 20% for 2016. But going from \$819/m to \$1,200/m is a 50% increase, not a 20% increase. I learned that the insurance companies dropped my \$819/m health insurance plan and no longer offered it and the \$1,000/m policy of 2015 was offered again for 2016 for only a 20% increase in premiums. I point this out because the information that the health insurance companies is telling the public and I would imagine our representatives and the regulators, about only a 20% premium increase instead of a 50% increase is not the whole story and is misleading.

For 2018 the cheapest health insurance policy available for my family of 5 was a little more than \$2,400 per month for a \$6,100 individual deductible and if my memory serves me correctly, a \$14,400 max family out of pocket! This was totally unaffordable and represents a tripling of the 2014 premium in just 3 years! For 2019 the cheapest ACA policy available to my family of 5 was slightly cheaper at \$2,398/m however the deductible is now \$7,900 (\$1,800 more than the previous year) per person with a max family out of pocket of \$15,800, \$1,400 more than the previous year's \$14,400! This is totally unaffordable and financially ruinous! How is it possible that the health insurance industry is able to charge such outrageous rates for such massive out of pocket expenditures to the residents of PA? How is it possible for rates to have tripled for me and I would imagine for other PA residents from 2015 – 2018, while the insurance companies publically claim a lower percentage rate increase?

From www.healthcare.gov I ran a sample quote for a 60 year old couple living in 17603. There were 6 Bronze plans listed with an average \$1,954 monthly premium. There were 7 Silver plans with an average \$2,728 monthly premium. There were 5 Gold plans with a \$2,742 average monthly premium listed. The cheapest Bronze policy was \$1,848/m with a \$15,800 family maximum out of pocket expense. This represents \$22,176/year in premiums paid to an insurance company that will not pay the insured anything until the insured pays a \$7,900 out of pocket expense for one individual. If this hypothetical 60 year old Lancaster city couple paid \$1,848/month for 5 years they would have paid \$110,880 in premiums to the insurance company. This is enough to pay cash for a small starter home. Opting to pay a higher premium each month in exchange for a lower out of pocket expense does not really put PA consumers in a much better financial situation.

I did a Google search asking "How much have health insurance rates increased since Obamacare" and the first item to come up was: At the same time, the study found that U.S. households on average saw a 12 percent increase in their health-care premiums or monthly charges they pay for insurance coverage, according to the report. The average premium increase for a household was \$232 annually after Obamacare launched Jan 22, 2018. This is totally not true and why I am writing this letter to all of you. I wish to make sure that the government representatives protecting PA residents know the real costs of what health insurance for PA residents is and that those costs for those of us who do not qualify for premium subsidies is financially ruinous. It is my hope that something can be done to help alleviate this situation, sooner rather than later.

The \$2,400/m premium is more than my mortgage. Any family in Lancaster County with a similar demographic to me is paying similar premiums. To help put this in perspective I added up the premiums and deductibles that I am being asked to pay and here are some numbers to put the pricing of these policies in perspective. $\$2,398/m \times 12 = \$28,776$. This is more than many peoples annual salary. Add the \$7,900 out of pocket expense to that and you get \$36,676 of money paid to the insurance company and personal medical expenses before receiving the first dollar of benefit back from the insurance company. I divided this number by 2,080 (40 hour work week x 52 weeks) and figured out that I would have to have a job paying \$17.63/hour for a full year to pay for this. Oh, wait, I forgot to include taxes in that calculation because I do not get to spend my full wage because of taxes. If I add in a 22% federal tax withholding, 7.3% for the employees contribution to social security and Medicare, 3.15% state taxes and my 1% local taxes (33.45% payroll tax burden) I would have to earn \$23.53/hour (\$48,942/yr.) to net the \$36,676 of money to pay for this health insurance. I ought to add that I am not an accountant. If I made an error in one of these numbers it is not my intent to be deceptive.

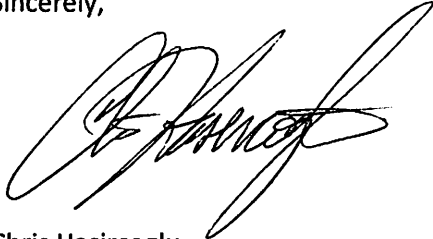
According to <https://www.deptofnumbers.com/income/pennsylvania/> the 2017 median salary for PA residents is \$59,195/yr. The real median family income is \$75,949. The median per capita income is \$32,711/y. As stated above, the salary needed to pay for health insurance premiums for my family of 5 and out of pocket expenses before receiving my first dollar of benefit is \$48,942/yr! This is a serious problem for myself and others in a similar situation that needs to be addressed immediately.

I do not know what the answer is or how to fix this. I wish to communicate to my representatives and the state government that the current offerings of ACA compliant health insurance is totally unaffordable and something needs to be done to bring the premiums and benefits back down to a level that actually is affordable. As a lifelong PA resident and business owner I would be open to being involved in a conversation about this.

I am starting my 4th year of using short term medical (stm) health insurance to provide "disaster coverage" only for my family. For 2019 the 12 month stm pricing for my family of 5 was \$588/m for a lower \$5,000 per person deductible and \$15,000 family max out of pocket. This is affordable. My monthly premium savings are \$1,810/m. In 2018 my stm policy cost me \$1,985/m less than the ACA compliant policy. I understand that my policy does not cover preexisting conditions, pregnancy, mental health issues and a number of other things. However it will cover the unexpected new conditions 100% after I pay for the \$5,000 out of pocket. That is all I want health insurance for. To cover a major unexpected medical emergency. I understand that my stm policy has limitations however my annual premium savings in 2018 was \$23,880 and my 2019 premium savings will be \$21,720. Those savings allow me to pay for a lot of other bills which right now are going to pay for two of my children's student loans.

Thank you for reading my letter. My concerns are not mine alone but the same for all PA residents who have to pay the full price of their health insurance without the help of any subsidies. Even with premium subsidies the out of pocket expenses are very high. Current 2019 pricing represents roughly a quadrupling of my 2014 premium and a roughly tripling of maximum family out of pocket expenses. It is my hope that more options including 12 month stm health insurance policies, are made available to consumers and not fewer. I would like to see a broad and vibrant insurance marketplace to serve all consumers in our Commonwealth. If you made it this far, thank you for reading my letter about my concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Hasircoglu", written in a cursive style.

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