

# Insurers to take on Blue Cross

Individual policies to be offered

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Blue Cross, long the state's dominant provider of individual health insurance, is getting more competition.

WellPath Select, a Morrisville-based subsidiary of Coventry Health Care, will start offering plans for individuals and families on Oct. 1. Golden Rule Insurance Co., a subsidiary of UnitedHealthcare, also has applied to sell new individual policies in North Carolina after at least a decade-long hiatus.

The increased competition could drive down prices for consumers, who until now have relied almost entirely on Blue Cross and Blue Shield of North Carolina for individual policies.

In 2004, Blue Cross insured 99 percent of individual customers, according to the Department of Insurance. About 14 other companies shared the rest.

A number of states, like North Carolina, have little competition in the individual market. That could change as activity revs up nationwide. In addition to Coventry and Golden Rule, Aetna U.S. Healthcare also is making a national push for its individual health care policies. Although a spokesman said the company has no immediate plans for North Carolina, it has started to introduce that business in the Southeast.

Until the past few years, most consumers received health insurance through employer-sponsored group plans. As companies drop coverage, insurers nationwide are recognizing individuals as an underserved market, said WellPath CEO Tracy Baker.

"It's a growing market segment, and it's going to continue to grow," he said.

WellPath's first individual policies will go into effect Oct. 1. The company will initially offer 19 CoventryOne plans with deductibles from \$250 to about \$5,000 and a corresponding range of premiums, he said.

Baker said it was premature to discuss how WellPath's competition with Blue Cross might affect individual premium pricing. The insurer plans to compete with Blue Cross by building a strong network of insurance brokers and agents to sell its products across the state, he said.

Blue Cross spokesman Mark Stinneford doesn't expect the insurer's rivalry with WellPath to revolve around pricing. Medical costs will be the primary factor in determining premiums, he said.

In 2004, the average individual premium in North Carolina was \$2,623 per year, 18th-highest among the states and about \$350 above the national average, according to a survey by America's Health Insurance Plans, a trade group for the industry.

Blue Cross' Blue Advantage individual premiums increased an average of 6.5 percent in 2005, and they gained 10 percent this year. Blue Cross' medical costs increased about 14 percent in the year ending June 30. The insurer has 330,000 members under individual policies.

Even if there is price competition, not all individual consumers will benefit, said Barbara Morales Burke, chief deputy commissioner at the insurance department. Blue Cross remains the only company in North Carolina that volunteers to insure the seriously ill patients whom other insurers turn down, she said. The risk that the company incurs translates into very expensive premiums for those patients.

Even when the patients are healthy -- and frequently, they're not -- it's difficult to make money in the individual health-insurance business, said Steve Graybill, a senior benefits consultant at Mercer Human Resource Consulting in Charlotte.

The group business allows companies to enroll members en masse, but when it comes to individual plans, "you have to make sales one member at a time," Stinneford said.