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Committee Chairman DeLuca and members of the House Insurance Committee and Policy Committee:

Thank you for this opportunity.

I operate my business as Sole Proprietorship. I am a Certified Public Accountant (CPA) and have one full-time associate. I began my business in 1998 and at that time I purchased health insurance through the SMC Insurance Agency. Because I have had a number of health issues I always bought the *best* coverage I could find. I used Highmark Blue Cross/Shield and its predecessors. Until July 1, 2010 I have continuously used Highmark Blue Cross/Shield. In my prior business I also used Highmark going back to 1972.

The attached "Highmark Renewal Rate Exhibit I" shows my annual premiums from July 1, 2007 through June 30, 2011. As you can see my premiums for the same two individuals has increased by 96.14% over four years. My accounting practice is in a competitive business environment; I have not increased, let alone doubled my fees over the last four (4) years. Therefore, I had to absorb most the premium increases.

When my increase for the year beginning July 1, 2010 rose by \$7,772.40, I was forced to seek relief and applied to other insurance companies for good, comprehensive coverage that was affordable. Because of my health issues I did not think I could find anything else because they other choices were all medically underwritten. To my surprise, UPMC Health Plan offered my coverage at LESS than I paid for last year's premiums. Even with medical underwriting and my current health status UPMC's medically underwritten rates were still significantly lower than my Highmark renewal premium.

Any sole proprietor, shareholder in a Sub-Chapter S corporation, or member of a partnership is subject to Federal Self-Employment Tax of 15.3% on premiums they pay for themselves. My new premium from UPMC of \$9,110.52 annually is really \$10,504.42 with the \$1,393.90 of self-employment tax I pay on my premiums. No one else in this country is paying employment taxes on their insurance premiums. Health insurance is the second largest item in my budget after wages.

As a member of the Board of Directors of the SMC Business Councils I attended a board meeting on May 11, 2010 where representatives of Highmark explained why their premiums were raised by such huge amounts (approximately 32% across the board). It was explained that the company

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switched from a non-profit to a for-profit entity. Since they were a for-profit entity they no longer had to abide by the minimums and maximums as they had to when they were a non-profit. My premiums increased by over 40% or from \$19,203.00 annually to \$26,975.40, a \$7,772.40 increase. This forced me to look for other health insurance options.

UPMC's Health Plan PPO Option 5 is \$8,753.64 less than Highmark's renewal rates for their PPOBlue \$10 and PPOBlue 2600Q Plans and the level of coverage is comparable.

As Highmark told the SMC Board of Directors, Highmark wants to position itself for the new Affordable Health Care legislation that was recently signed into law. The Highmark representatives also said group plans with one or two participants are the largest users of health benefits. Obviously, because of the dramatic rate increase, Highmark is trying to rid themselves of those plans.

I was fortunate to find another health insurance option. Although I have to be careful and limit myself to UPMC providers, at least I found another option. If the UPMC Health Plan was not available I would have two choices: 1) cut my standard of living by \$8,000.00 or cut my employee's hours or benefits. Since you cannot keep good employees if you are not competitive with salary and benefits I would risk losing someone who contributes greatly to my organization. In other words I was between a rock and a hard place.

Sincerely,

William Jay Snyder, CPA, MST

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Highmark Renewal Rate Exhibit I

July 1, 2007 through June 30, 2011

	Annual Premiums	Increase in Premiums	Percentage Increase in Premiums
July 1, 2007 to June 30, 2008	13,752.96		
July 1, 2008 to June 30, 2009	15,963.84	2,210.88	16.08%
July 1, 2009 to June 30, 2010	19,203.00	3,239.16	20.29%
July 1, 2010 to June 30, 2011	26,975.40	7,772.40	40.47%
Increase in Premium since June 30, 2008		13,222.44	96.14%