



Dickerson Campus

# THE Dickerson Digest

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## CARL'S CORNER

Health Care Reform is on all our minds as we close out the second quarter and begin the third. Who will come out on top when the dust settles? Each of us is hoping this can be a "win-win" situation for all concerned.

Dickerson has always believed, as stated in our mission statement, that, *all people should have equal access to affordable health care*. Now whether this means through our current Carrier system or through a government subsidized program remains to be seen. It is my opinion that insurance companies will turn to sophisticated brokers to distribute even more complex products and educate both employers and their employees. The need for a human interface is unshaken.

This mandates that all brokers be savvy in the face of change. Dickerson wants to prepare you to answer the inevitable questions that have and will arise in the wake of health care reform. Read the Health Care Reform article in this issue addressing what will be happening within the next six months, and the impact on costs and broker/client communications.

Talk to your Dickerson Account Executive to formulate some strategies when discussing these issues. The more informed you are the better chance you have of making the right decisions for you and your clients.

*Carl E. Dickerson*



**Carl Dickerson**  
Chairman of the Board

**Michael Wolff**  
CFO, COO

**Tony Lee**  
CEO

## Orange County Field of Dreams Contest Winner, David Junso



*David Junso and daughter dressed in Dodger blue with friend and son in Angel red enjoy the Dodgers vs Angels game played in Dodger stadium on June the 9th.*

## Web Portal Programs for High Risk Individuals Underway

From NAHU's Government Affairs Washington Update

July 1st was a big day for implementation of some of the Patient Protection and Affordable Care Act's most immediate provisions. The Department of Health and Human Services unveiled its new consumer Web portal, [www.healthcare.gov](http://www.healthcare.gov); a number of states and the federal government began accepting applications for new programs to cover previously uninsured individuals with serious medical conditions.

The new consumer Web portal is geared toward individuals and small business owners to allow them to compare private health insurance option information, as well as obtain information and applications for public health coverage programs like CHIP and Medicaid on a state-by-state basis. It was required by the PPACA to serve as a central repository of information about coverage options and the rollout of the PPACA's provisions until states begin operating their own health insurance exchanges with online components in 2014.

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## Continuing Education at Dickerson

**Thu - Jul 22**

10:00 AM - 2:30 PM \$20.00

**HSA's: HOW THEY WORK - Course #200878**

4 hrs - 4 Credits CE Seminar

Irvine Spectrum Dave & Buster's - Suite 960  
71 Fortune Dr., Irvine, CA 92618

**Thu - Jul 29**

10:00 AM - 2:30 PM \$20.00

**FRAUD SAVVY - Course #143518**

4 hrs - 4 Credits CE Seminar

Dickerson Employee Benefits - Los Angeles Campus  
1918 Riverside Drive, Los Angeles 90039

**Tue - Aug 31**

10:00 AM - 2:30 PM \$20.00

**THE AGENT, ETHICS AND SUCCESS - Course #214942**

4 hrs - 4 Credits CE Seminar

Dickerson Employee Benefits - Los Angeles Campus  
1918 Riverside Drive, Los Angeles 90039

**Thu - Sept 23**

10:00 AM - 2:30 PM \$20.00

**HSA's HOW THEY WORK - Course #200878**

4 hrs - 4 Credits CE Seminar

Ontario Mills Dave & Buster's  
4821 Mills Circle, Ontario 91764

**Thu - Sept 30**

10:00 AM - 2:30 PM \$20.00

**MEDICARE PART "D" - Course #176019**

4 hrs - 4 Credits CE Seminar

Dickerson Employee Benefits Campus  
1918 Riverside Drive, Los Angeles 90039

Please check the Dickerson Website at [www.dickerson-group.com](http://www.dickerson-group.com) and go to the calendar/seminars section to see our full schedule.

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Meet...  
**KELLY OCAMPO**

By Marian Young

Kelly Ocampo

When you are seeking information regarding individual insurance for clients, Kelly Ocampo is Dickerson Employee Benefits' go-to-person. As our Individual Sales Specialist, Kelly handles the selling, review and completion of the application process for all individual business for Dickerson. Among her many responsibilities in this position, Kelly prepares quotes as well as distributes and processes applications for broker clients seeking individual coverage. Kelly's position was developed several years ago by DEB to assist applicants seeking individual insurance who have generally been referred by brokers who have worked with Dickerson as their GA for group health coverage.

Kelly is extremely busy these days, particularly with the changing economic climate and pending health care reforms. In addition to facilitating the initial enrollment process for individual coverage, Kelly handles claims for small and individual accounts, which requires regular and constant contact with carriers, clients, agent/brokers and medical groups. Averaging between 50 – 100 telephone calls and emails a day, Kelly has to maintain the status of pending applications and claims, requiring that she be able to multi-task, as strong documentation and communication skills are essential.

Kelly is a problem solver which augments her life outside of Dickerson as a part-time student at CalState L.A., majoring in biochemistry and minoring in forensic science. You know, a crime scene investigator. She and her husband are also raising two children. Kelly is Dickerson's "uberwoman" when it comes to individual coverage and claims.

A recent anecdote will shed some insight into how Kelly works. A broker called desperate and not knowing where to go. One of his clients, a practicing physician, had recently lost her group coverage due to the economic downturn. Her group coverage collapsed when its members could no longer afford the policy. This meant turning to individual coverage. Unfortunately, the doctor was declined by three carriers and could not qualify for HIPPA. Enter Kelly. She did a preliminary underwriting review with two carriers to see if the client would qualify. This innovative process has certainly saved manhours by determining beforehand which clients would likely be declined. On her third try, Kelly was not only able to get the doctor coverage but with a policy at the standard rate! Kelly has a knack for knowing which carrier will fit each applicant depending on each one's special needs. Kelly also helped the doctor through the online application process. Clearly a happy ending but just a day-to-day occurrence for Kelly.

Anyone with questions about individual coverage or claims matters is encouraged to give Kelly Ocampo a call at 323.662.7200 ext. 225

# Introducing a Bolder CaliforniaChoice<sup>®</sup> now including:

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**Anthem Blue Cross Select HMO**  
**Health Net Silver HMO**



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[www.calchoice.com](http://www.calchoice.com)

Anthem Blue Cross is pending regulatory approval.  
CO4126 V0K4.10

It's time to **QUOTE BOLD.**

## Where Does the Money Go?

In 2007, PricewaterhouseCoopers completed a national report to determine factors driving health care costs. Their report indicated that on average \$0.87 of every premium dollar is spent on medical services and products, with hospitals and physicians receiving more than two-thirds of the premium.

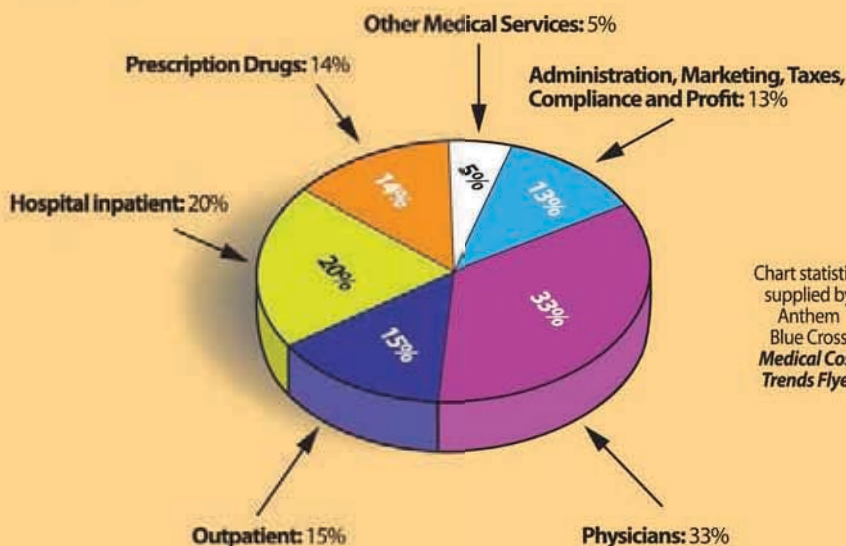


Chart statistics supplied by Anthem Blue Cross Medical Cost Trends Flyer



# Health Care Reform

By Vice President of Sales Jim Travis

## Health Care Reform

As your Authorized General Agent, Dickerson Employee Benefits is your source for Health Care Reform information. While the final legislation is still uncertain, there is an opportunity to share information that is actionable. The following is produced to help you make informed decisions on behalf of your business and to guide the clients you serve. Full implementation is not expected until 2014.

The effect of recently passed legislation depends on the size of the company.

Companies with fewer than 50 employees wouldn't face any penalties if they didn't offer insurance. Companies could get tax credits to help buy insurance if they have 25 or fewer employees and a workforce with an average wage of up to \$50,000. Tax credits of up to 35% of the cost of premiums would be available this year and would reach 50% in 2014. The full credits are for the smallest firms with low-wage employees; the subsidies shrink as companies' workforces and average wages rise. Beginning in 2014, eligible small businesses that purchase coverage through exchanges run by each state, could receive a tax credit for their contribution employee coverage. Opinions differ about whether the new law will help or harm small groups.

Beginning in 2014, employer groups with more than 50 employees that don't offer coverage will pay a penalty (\$750 or \$2,000 depending on what is in the final version) per year per full-time employee.

## Changes Within Six Months:

1. No lifetime limits on health plan coverage.
2. Raises the age of a dependent for health plan coverage to 26.
3. Restricts rescissions of health plan coverage in all insurance markets.
4. Creation of a high-risk pool coverage for people who cannot obtain current individual coverage due to preexisting conditions.
5. Elimination of preexisting condition exclusions for children.

**For a comprehensive list of changes and proposed implementation timeline go to the NAHU website, [www.nahu.org](http://www.nahu.org).**

***Look for Dickerson Employee Benefits to continue to bring you health care reform information, commentary and advice.***

## Impact on Costs

What is uncertain is whether the Health Care Reconciliation Bill will reduce health care costs. In the next 10 years, health spending is projected to rise 6.1%, reaching \$4.5 trillion, or nearly 20% of the economy. Most believe it won't do enough to slow down that trend. In the short term, it remains to be seen how carriers will react in terms of pricing.

## Impact

1. A large expansion of the health care marketplace will occur, providing many yet unknown opportunities.
2. Employer based health care system remains largely in place.
3. Business owners will continue to benefit from tax advantages.
4. The role of the agent will likely change over time as will the calculus for compensation.
5. The question about insurance exchanges and the role of the agent remains open. Carl Dickerson believes, "Insurance companies will turn to sophisticated brokers to distribute even more complex products and educate both employers and their employees. The need for a human interface is unshaken."

## Broker/Client Communications

The following is a list of useful talking points to calm and reassure your clients and position yourself as a trusted advisor:

1. Talk about the big picture: Health care reform legislation was geared primarily to address the needs of the uninsured and to make needed changes to the system.
2. Legislation affirmed the tradition of employer based and financed health care, including tax advantage benefits. Other returns on investment include coverage increased productivity, decreased absenteeism and attracting good employees. An important opportunity still exists to take advantage of company based benefits as a way to build and maintain good employee relations and morale.
3. Change will be incremental and not complete until 2014.
4. You will stay on top of events and communicate throughout the change process.
5. Significant tax advantages will continue.
6. Reinforce the picture that you will continue to research the market and recommend cost effective solutions, provide customer service and play the role of advocate and negotiator.

## Where Does The Money Go?

Health care costs have been rising for several years. Expenditures in the United States on health care surpassed \$2.3 trillion in 2008, more than three times the \$714 billion spent in 1990, and over eight times the \$253 billion spent in 1980. Stemming this growth has become a major policy priority, as the government, employers, and consumers increasingly struggle to keep up with health care costs.

### How is the U.S. health care dollar spent?

Hospital care and physician/clinical services totalling \$2.3 trillion

### What is driving health care costs?

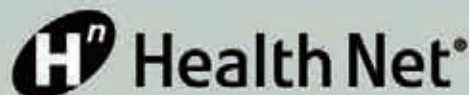
- **Technology and Prescription drugs** – Spending on new medical technology and prescription drugs has been cited as a leading contributor to the increase in overall health spending. Some analysts state that the availability of more expensive, state-of-the-art technological services and new drugs fuel health care spending because they generate consumer demand for more intense, costly services even if they are not necessarily cost-effective.
- **Chronic disease** – The nature of health care in the U.S. has changed dramatically over the past century with longer life spans and greater prevalence of chronic illnesses. It is estimated that health care costs for chronic disease treatment account for over 75% of national health expenditures.
- **Aging of the population** – Health expenses rise with age and as the baby boomers are now in their middle years, some say that caring for this growing population has raised costs. However, experts agree that this contributes minimally to the high growth rate of health care spending.
- **Administrative costs** – It is estimated that 7% of health care expenditures are for administrative costs (e.g., marketing, billing) and this portion is much lower in the Medicare program.

### What are the major proposals to contain costs?

The start of a new administration and the economic recession present a new window of opportunity for health care reform and for controlling health costs. The different proposals currently in the policy arena are divided broadly by debate over a stronger role for government negotiation or market-based models relying on competitive forces.

- **Investment in information technology (IT)** – Greater use of technology, such as electronic medical records (EMR), has been promoted and researched for its potential to more efficiently share information and reduce overhead costs.
- **Improving quality and efficiency** – Decreasing unwarranted variation in medical practice and unnecessary care is seen as a priority, particularly geographic variation, since higher spending on health care in certain geographical areas does not correspond to better health outcomes.
- **Adjusting provider compensation** – The current system of provider compensation pays physicians a given fee per procedure or test. Currently, there are proposals to revamp some provider payments to ensure that fees paid to physicians reward value and health outcomes, rather than volume of care.
- **Government regulation** – Citing the success of the Medicare program in controlling per capita spending over its history, some policymakers favor more government involvement in the health care sector. Critics argue that such regulation stifles innovation and that market-based approaches are more cost-effective and will provide consumers with a wider range of choices.

continued on page 5



## 25 REASONS TO SELL HEALTH NET Health Net Small Group 2-50

- 1 Ranked #165 in the 2009 Fortune 500 list of companies
- 2 Risk-based capital exceeds its 350% target level
- 3 Total assets of \$4.8 billion
- 4 Cash and investments of \$2.1 billion
- 5 \$1.3 billion in reserves for claims and other settlements
- 6 Health Net of California, Inc. HMO, POS and Medicare lines of business rated "Excellent" by the National Committee for Quality Assurance (NCQA)
- 7 Extensive HMO network of 44,000 doctors and 260 hospitals
- 8 Extensive PPO network of 60,000+ doctors and 300 hospitals
- 9 First Health Network for out-of-state employees (in 49 states, excluding Hawaii)
- 10 Enhanced Choice now offered to groups with 2 to 50 employees
- 11 Silver Choice - Offers HMO plans, with the Silver provider network, alongside all of our PPO plans with a deeper savings than our regular network
- 12 H<sup>n</sup> Options - Offers 12 or 17 Health Net plans alongside Kaiser Permanente with reduced participation - and no Kaiser Permanente waivers needed
- 13 EOA (Elect Open Access) combines the best of both worlds - key differentiator
- 14 Salud con Health Net - cross border coverage (approximately 40% less than commercial HMO)
- 15 Two new HRA PPO plans built to be wrapped or self-funded
- 16 Out-of-pocket maximum and deductibles for in- and out-of-network on PPO is cross accumulated
- 17 Dental now available as a standalone product
- 18 Voluntary PPO dental now can be sold
- 19 One of the most competitive RAF programs on the street
- 20 Quarterly Broker Retention Bonus program
- 21 More flexibility covering 1099s than any other carrier (We'll take up to 48)
- 22 More flexibility covering carveouts than any other carrier
- 23 Relaxed underwriting guidelines for large groups becoming small groups
- 24 Off-cycle renewals and plan changes
- 25 For three years in the running (2007, 2008, 2009), *U.S. News and World Report's* annual evaluation of the nation's health plans ranked **Health Net among the highest** evaluated in California (ahead of Anthem Blue Cross, Blue Shield, Aetna and CIGNA)

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# Questions & Answers



from Account Executive

**Jonathan  
Albert**

## As a business owner, do I have to offer insurance to my employees under this new law?

No. In general, the new law does not require an employer to provide insurance for any employee (though starting in 2014, large companies will pay a penalty, if a full-time worker gets a public subsidy to buy insurance individually). To take advantage of the small-business tax credits, a business must shoulder at least half of the employees' premium cost.

## What are the small-business tax credits?

From 2010 through 2013 — before, that is, health insurance exchanges, are established — a small business will receive a tax credit to offset 35% of their health insurance costs, provided the business contributes at least half of the premium. The full credit is available to businesses with the equivalent of ten or fewer full-time workers paid, on average, less than \$25,000; it phases out as the payroll, excluding seasonal workers, grows to twenty-five and wages rise to \$50,000.

Sources: NY Times, Kaiser Family Foundation.



The newest issue of *BLink, Survival Guide for the Small Business Owner*, can be found online at the Dickerson Website. It's available for you to download and send electronically to your clients. You can also download the higher resolution version, print copies and mail them or hand them out. Call or email your Dickerson Sales Rep for an email link to download the file. (323) 662-7200 or [salessupport@dickerson-group.com](mailto:salessupport@dickerson-group.com)

Please let us know areas of interest you think your clients would like to see in future issues of *BLink* and we will do our best to provide new and informative articles addressing your issues.

continued from page 1 • Web Portal Programs • From NAHU's Government Affairs Washington Update

The portal is intended to be an evolving site, with information options being added between now and October 1. While the site does not currently contain a direct link to information about how to contact independent agents and brokers, NAHU has met with HHS and White House officials in the last few weeks to discuss adding this option in the near future.

- One of the coverage information options included in the new web portal is the Pre-Existing Condition Insurance Plan (PCIP), the federal government's new subsidized high-risk pool coverage option for previously uninsured individuals who have serious medical problems and previously had trouble accessing individual coverage.
- To be eligible for the coverage, people must have been denied coverage by a private insurer due to a pre-existing condition, and they must have been uninsured for at least six months.
- The federal PCIP plan and many state plans began accepting applications for enrollment. The hope is to actually begin covering individuals in August.
- One of the major issues with the new program for uninsurable individuals is its cost. The PPACA appropriated \$5 billion in funding for it over the next three years, and analysts at both the Federal Centers for Medicare and Medicaid Services (CMS) and the Congressional Budget Office (CBO) have indicated that this amount will not be nearly sufficient to cover all eligible individuals across the nation, and that funding could run out as early as 2011. Most state programs have indicated their plans will cover individuals on a first-come first-served basis, so early applications are essential.
- In addition, the premiums for coverage through this program, while subsidized to some degree, are still fairly expensive. Cost and benefit options will vary by state, but are expected to be in the range of \$400-550 per month for single PPO coverage with a \$1,500 deductible. As even Richard Popper, the former Maryland high-risk pool administrator and current HHS official operating the PCIP plan, noted, a "significant number" of people with pre-existing conditions who are uninsured have limited income, and they will not be able to afford the premiums. He added, "But for those who can afford it this is going to be a great, great plan for them."

continued from page 2 • Where Does The Money Go? • Kaiser EDU.org (Condensed)

- **Prevention** - The burden of chronic diseases, such as diabetes and cardiovascular disease are very expensive to treat over long periods of time. Proposals have been put forward to emphasize prevention by providing financial incentives to workers to engage in wellness and prevention. However, it is unclear how much prevention programs will decrease costs, since paradoxically healthier people will likely live—and use the health system—longer.
- **Increasing consumer involvement in purchasing** — Supporters of "consumer-driven" health care believe that greater price transparency would make consumers more price sensitive and more prudent purchasers and thus save consumers and employers money. One of the major forms currently is tax-favored "health reimbursement accounts (HRA)".
- **Altering the tax preference for employer-sponsored insurance** — Some current health reform proposals suggest eliminating or changing the tax exclusion for employer-sponsored health care to help finance the costs of expanding coverage as well as reducing incentives for the most generous and therefore expensive health plans.

Costs have emerged as a central element of any national health reform effort. As policymakers move forward with plans to enact comprehensive health reform, costs will surely continue to be at the forefront of the surrounding policy debates.

You can receive back issues of *The Dickerson Digest* in pdf format. Call 323-662-7200, ext. 329.

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For a comprehensive list of carriers and products, call your Dickerson Account Executive at (800) 457-6116.

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**WHY DICKERSON EMPLOYEE BENEFITS?**

- All of our services for groups up to 250 are free of charge and you receive full commission
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