

My name is Suzette Frith. I am the Human Resources Manager at TSE, Inc. and have been managing compensation and benefits for over 15 years. We are a day training and habilitation facility, serving approximately 280 adults with developmental disabilities. We provide job training and support services to the people we serve. The majority of our funding comes from state and county levels, and we rely on COLA's to pay for our ever increasing costs in benefits, including health and dental insurance, worker's compensation, unemployment, etc.

Though the years, we have struggled to continue providing health insurance for our employees. I recently received an industry specific survey covering 71 Minnesota companies who provide services for adults with developmental disabilities. Of these organizations, 70 provide health insurance for their employees. 68 are fully insured; 2 are self insured. However, only 48 companies offer dependent coverage. Reported health insurance increases ranged from -16.3% to 51% at their most recent renewal.

We received double digit increases in 2004, 2005, 2006 and 2007, and in order to maintain health coverage, have made several changes to our health plan. In 2004 we received a 32% increase and changed carriers for a bit lower rate. In 2005, we received a 13.96% increase, and the employees chose to pay the increased cost. In 2006, the increase was 36.18%, which also moved us from Table 6 to Table 10. We switched plans to a \$2000 deductible with \$30 office co-pay. In 2007, our rate increased again, this time by 20.85% and we were switched from Table 10 to Table 16. As of 2006, we were no longer able to shop our plan. This was in part due to our experience rating, and in part due to the fact that, because of rising costs, healthier employees went out and found less expensive individual plans (which do not count as valid waivers) and our numbers of employees covered dropped down to about 30%. We employ 95 employees of which 84 are eligible for benefits. In order for an insurance company to consider covering an employer, you must have at least 50% of all eligible employees on your insurance plan. If we had protections as a small employer, we would not have been able to be rated higher than Table 12. Our increases would have been capped at that level, and, according to our insurance broker in 2008, a simple change in MN Care from 2 to 50 to 2 to 100 employees would offer us an immediate savings of at least 25%.

We currently offer a major medical plan with a \$2500 deductible and \$3500 maximum out of pocket for individual coverage. In March 2010, our insurance company added a prescription co-pay to our plan (this was previously part of the out of pocket deductible). I am afraid that the additional monies being run through the insurance due to prescription coverage, along with all of the Health Care Reform changes, will have an adverse affect on our insurance premiums. We have finally gotten to the point that our insurance premiums have somewhat stabilized. We have done this through a high deductible plan, employee education, and an offering of supplemental insurance plans to provide a safety net for those employees in need.

This stability is very fragile. Our options are still limited with only 37 of 84 eligible employees participating in our health insurance plan. This greatly limits our ability to shop other plans, as well as threatens our ability to continue carrying insurance for our employees who still want and need coverage. Because of our numbers, we are caught in no man's land. We are too big for MN Care rules that apply to groups under 50, but are too small to be a very credible group. I believe that employers representing 50 to 100 employees are equally in need of the same protections that the 2 to 50 employee groups are. Groups of 50 to 100 employees do not have enough credibility to have statistically predictable claims, and most are not big enough to take on the risk of self insurance.

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