New Orleans Association of Health Underwriters

News You Can Use

May 2005 Volume 4 Number 5

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2005-2006 Board Nominations

President- Kenny Collins

Vice President- Jennifer Toups

Secretary- Robin Frick

Treasurer- Rachel Thrash

Communications- Carmen Manzano

Education- Wayne Francingues, Jr.

Awards- Dottie Smith

Public Relations- Mort Kelly

Annual Meeting

Elections & Awards Luncheon

Friday, June 17th

Andrea's Restaurant
Metairie, LA

11:30 am Cash Bar/ Networking
Lunch begins promptly at 11:45

Members:
RSVP- $18
At the Door- $23

Non-Members:
$25

Don't Forget to Bring Your Change for a Change!

To RSVP, send an email to rsvp@noahu.org
with your name and
guest's name (if applicable).

Due to our contractual obligations with Andrea's,
attendees who RSVP'd and do not attend will be billed for the meeting.

Study indicates that uninsured add $900 to cost

WASHINGTON (Reuters) - Health insurance premiums will cost families and employers an extra $922 on average this year to cover the costs of caring for the uninsured, according to a report released on Wednesday.

With the added cost, the yearly premiums for a family with coverage through an employer will average $10,979 in 2005, said the report from consumer group Families USA.

By 2010, the additional costs for the uninsured will be $1,502, and total premiums will hit $17,273. In 11 states, the costs of the uninsured will exceed $2,000 per family.

For individuals, the extra charge this year is estimated to be $341 on average, rising to $532 in 2010. Total premium charges for individuals will be $4,065 in 2005, and $6,115 in 2010.

"The stakes are high both for businesses and for workers who do have health insurance because they bear the brunt of costs for the uninsured," said Ron Pollack, executive director of Families USA.

Nearly 48 million Americans will lack health insurance for 2005, the report said.

Uninsured patients pay about one-third of the costs of their care provided by doctors and hospitals, the report said.

The remaining costs -- more $43 billion in 2005 -- are considered "uncompensated care." The government picks up part of the tab and most of the rest is added to insurance premiums for people with health coverage, the report said.

"Ironically, this increases the cost of health insurance and results in fewer people who can afford insurance - a vicious circle," the report said.

The costs for people with insurance vary by state based on a number of variables, including the percentage of uninsured in a state and the amount local, state and federal governments contribute.

DHH explores funding of uninsured health care

BATON ROUGE (AP) — Health officials hoping to improve care for more than 850,000 uninsured Louisiana residents got backing from a House committee today for a plan that would let local communities use their own money to draw down additional federal health care funds.

If approved by the full Legislature, the state still would need federal officials to sign off

on the idea. Department of Health and Hospitals Secretary Fred Cerise said he has started preliminary discussions with federal officials on the plan.

The measure goes next to the full House for debate.

Cerise says communities could potentially use money they already spend on health care through local health clinics and other facilities or raise taxes as a source of matching funds for federal cash. That money could then be used to expand preventive and primary health care for the poor and uninsured in those communities.

Currently federal and state money for uninsured care is funneled through the charity hospitals and the rural hospitals. The new initiative would add local money to the mix to attract additional federal funding.

The state has a cap on how much federal cash it can tap to take care of the uninsured. But Cerise says the state has left about $300 million on the table because it can't come up with the necessary matching funds. He says, under the proposal, parishes could tap into that federal cash the state hasn't used.

Hancock Bank to acquire J. Everett Eaves agency

NEW ORLEANS — Mississippi-based Hancock Bank will acquire local insurance agency J.Everett Eaves Inc., the companies announced today.

The two companies have signed an agreement to acquire J. Everett Eaves as a division of Hancock Insurance Agency, a subsidiary of the bank.

Under terms of the agreement, Hancock will acquire the agency in an all-cash transaction. The resulting entity will retain the name J. Everett Eaves and become an affiliate of Hancock Insurance Agency.

J. Everett Eaves will maintain its existing agency team and operational structure, including its current Poydras Center and Covington offices, the companies said in a prepared release. The acquisition is expected to be complete in mid-summer 2005.

J. Everett Eaves was founded in 1918 and has represented major insurance carriers including St. Paul/Travelers, CNA and Zurich. The company has current annual revenue of $3.9 million and

employs 29 people in offices in New Orleans and on the north shore, according to the release..

Hancock Bank's New Orleans-area Division Manager Don Zornman, said that bank-owned insurance agencies are becoming increasingly important in the portfoliio of services and choices that bank's offer customers. "To that end, we see J. Everett Eaves as an outstanding business partner," he said.

Established in 1899 on the Mississippi Gulf Coast, Hancock Bank entered the New Orleans market with a legacy as a Gulf South financial leader committed to understanding and serving local communities. Independent Insurance Agents & Brokers of America recently named Hancock Insurance Agency a "best practices" agency.

Cornelius "Hap" Crusel Jr., chairman and CEO of J. Everett Eaves, said the combination of the two companies gives the local agency a stronger presence, regionally. "This venture extends our business footprint across
south Louisiana, Mississippi, Alabama, and Florida," he said.

"Both Hancock Bank and J. Everett Eaves have subscribed to a business philosophy that stems from unwavering traditions of excellence," said John Beckmann Jr., president of the local agency.

Last year, Hancock Bank acquired Ross-King-Walker Inc., a Hattiesburg, Miss., property and casualty insurance pioneer.

Hancock Holding Company (NASDAQ: HBHC) - the parent company of Hancock Bank Mississippi, Hancock Bank of Louisiana, Hancock Bank of Florida, and Magna Insurance Co., has assets of $4.8 billion.

Smoking costs state $1.35B every year

NEW ORLEANS — Smoking is costing Louisianans $1.35 billion in health costs every year, with $611 million of that coming out of the state's Medicaid coffers, according to a report released today.

The report, by the Campaign for Tobacco-Free Kids and the Centers for Disease Control and Prevention, shows that Louisiana is behind only Kentucky and West Virginia in percentage of its adult population that smokes. More than 26 percent of Louisiana's adult population smokes. The report also revealed that 25 percent of Louisiana's youth smoke and that 12,300 kids under 18 become new smokers every year.

About 30 million packs of cigarettes are sold in Louisiana each month, Lousiana State University public health professor Dr. Charles Brown said in a release. Of those, 17.4 million packs a year are bought or smoked by Louisiana youth.

The CDC reports that each pack of cigarettes sold in the United States costs the nation an

estimated $7.18 in medical care costs and lost productivity. Smoking-related productivity losses cost Louisiana a total of $1.79 billion a year.

The report also found that 6,400 adults in Louisiana die each year from smoking. It also estimated that 107.900 youth under 18 will die prematurely from smoking. Nationally more than 400,000 annual adult deaths are attributable to smoking and estimates are that more than 6 million kids now under 18 will die early from smoking.

Nearly 300,000 Louisiana youth are exposed to secondhand smoke and 700-1,250 adults, children and babies die each year from exposure to secondhand smoke and smoking during pregnancy.
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Court finds private insurance unconstitutional

OTTAWA—Quebec's ban on private insurance for health care services already provided by the province is unconstitutional, according to a split decision by the Supreme Court of Canada.

The 4-3 decision in *Chaoulli vs. Quebec (Attorney General)* found the prohibition on private insurance is an unjustified infringement on rights protected by federal and provincial laws. In its majority opinion, the court said the ban has the effect of allowing only the very rich, who can afford private health care without insurance, to secure private care and avoid delays in the public system.

"Given the prohibition, most Quebeckers have no choice but to accept any delays in the public health regime and the consequences this entails," the court said. "The evidence in this case shows that delays in the public health care system are widespread and that in some serious cases, patients die as a result of waiting for public health care."

In their dissent, the three judges argued that the prohibition is not arbitrary and is rationally connected to Quebec's objective of creating a health care system where access is governed by need rather than wealth or status.

While the decision technically only applies to Quebec, observers say it will have widespread implications for provinces with similar bans.

A patient with numerous health problems and a doctor seeking a license to operate an independent private hospital filed the case, challenging the prohibition because of the long wait times Canadians contend with when seeking public health care services. A Superior Court ruling in 2000 dismissed their motion for declaratory judgment, and the Quebec Court of Appeal affirmed that decision in 2002, leading to an appeal to the country's high court.

NAIC Producer Licensing Amendment on Disclosure of Producer Compensation

The NAIC announced its revisions to the Producer Licensing Model Act (PLMA) recently. NAHU worked diligently to ensure that our members' needs and interests were heard and considered by the NAIC during their deliberations. We provided oral and written testimony during NAIC's quarterly meeting in early December and submitted written comments on each of the two occasions available to us.

The NAIC passed the most recent version of their draft amendment with the following changes: Deferral of Section B for further consideration by the task force with a completion date of no later than 90 days. Additional consideration of Section B will include specific discussion of fiduciary liability, producer owned reinsurance relationships, and disclosure of all bids as well as other concerns of the task force and other commissioners. It is expected that some form of Section B will be added after the task force completes its work.

A number of our recommendations were included, but of course, not all of them. A number of commissioners who ultimately voted "no" on the amendment voiced concerns that we brought up in our comment letters. States voting "no" on the amendment: ND, OK, PR, SD, TN, WV, AR, AL, FL, ID, KY, MD, NE, NV, AK. However, FL did not vote "no" for the same reason as the others - they thought the amendment was too weak.

This issue is shaping up to be the most urgent item on our agenda - prepare yourself and your chapter to fully understand its implications for NAHU's members.

Thank you for your continued support for NAHU.

NAIC Broker Disclosure Summary

America's Benefit Specialists