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Anthem Details Premium Increases It Says Would Result From Health Reform

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As health care reform gains traction in Congress, a major insurer in Connecticut is warning that premiums in individual and small-employer plans could skyrocket if there isn't a strong mandate for getting coverage for all Americans.

WellPoint Inc., which owns Anthem Blue Cross and Blue Shield in Connecticut, has issued a report that says proposed changes to the health care system could more than double monthly premiums on some individual plans in Connecticut.

Anthem is the first insurer to detail specific price changes in Connecticut and other states that it says would result from reform, a claim made generally by the industry.

Critics say the arguments are scare tactics. But David R. Fusco, president of Anthem in Connecticut, said that the penalties contemplated by reform measures aren't strict enough to ensure that all people seek out coverage — driving up the cost of coverage for those who have it.

"The reality is that the penalty could be less than the cost of participating," Fusco said. "Young individuals may make the decision to pay the penalty rather than participate in the program."

Insurance company critics say that the WellPoint report, the third in recent weeks from the

insurance industry, is designed to derail reform and protect profits. It also ignores caps on premium increases written into proposed legislation, they say, as well as grandfathering that prohibits stiff increases if a person doesn't change policies.

Anthem, they say, has come under fire for seeking large rate increases, notably in Connecticut this summer.

"This is the third phony bought-and-paid-for 'study' the defenders of the status quo have trotted out in an attempt to protect their profits. Three strikes — and they're out," said Bryan DeAngelis, a spokesman for U.S. Sen. Christopher Dodd.

Kevin Lembo, Connecticut's health care advocate, said he views the report as an attempt to subvert a public option plan.

"Any reading of the document should occur with that as a backdrop," Lembo said.

Fusco defended the report, saying that it used actual underwriting standards and real-life scenarios. Anthem's strong market share in Connecticut and 13 other states covered by the study paints an accurate picture, he said.

"We wanted to move this discussion beyond averages and broad projections," Fusco said.

In the study, health insurance premiums for the young and healthy in individual plans would get hit especially hard in Connecticut.

One proposed change would prevent insurers from setting premiums based on how frequently certain groups seek medical care. That, Fusco said, would shift more premium costs to those who are younger.

Combined with other factors, a younger, healthier, 25-year-old man in Hartford in an individual plan could see his monthly premium rise from \$166 to \$350, a 111 percent increase.

But that doesn't necessarily mean older and less healthy people would get a break, the report said. Guaranteeing coverage without a strong mandate would help push up the monthly premium for a 60-year-old, less healthy couple in an individual plan by as much as 61 percent, to \$2,013 a month — although a small firm with older workers could see an increase of just 2 percent.

Fusco said that a public option and rising medical costs could raise premiums even more, but that subsidies would lower the burden on some low- and modest-income people.

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