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Insurance Costs Ignite Anger, Debate

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Connecticut had the fifth most expensive group health insurance premiums in 2008 and has seen accelerating increases since, placing the state squarely in the national

HEALTH CARE

debate about out-of-control premium hikes. The good news is, Connecticut has apparently slipped in the rankings from the most expensive state in 1998 and 1999, according to the U.S. Department of Health

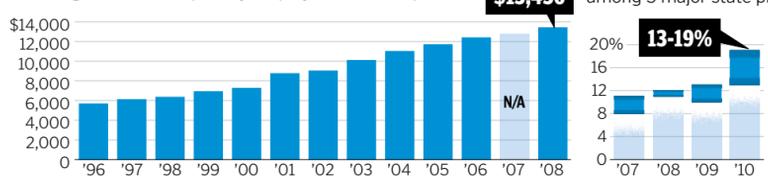
and Human Services, which listed only 40 states for those years.

Soaring costs have ignited public outrage and political theater, particularly in Connecticut. State regulated group rates — premiums for plans bought through employers and other groups — went up 13 percent and more for a family this year, while individuals who buy insurance on their own saw an average increase of 20.7 percent.

Now, state legislators are weighing a bill to

An Unhealthy Trend

For more than a decade, Connecticut has been at or near the top of states in the cost of premiums in group plans. Figures show average premiums for family coverage bought through employers, including the amounts paid by employees and companies.



No dollar figures are available on how much higher prices have gone in recent years, but they have accelerated. Figures show a range of percentage increases among 3 major state providers.

INSURANCE, A13

NOTE: Numbers in the chart showing average prices are not comparable to percent figures in the chart showing increases for all plans.



CARLOS ESPINOZA | Associated Press

MAGNITUDE 8.8 QUAKE

Catastrophe In Chile

Vehicles are strewn on a collapsed highway, above, near Santiago, Chile, after an 8.8-magnitude earthquake — one of the largest ever recorded — hit the country Saturday. It killed at least 300 people, and sent a tsunami racing across the Pacific Ocean. Hawaii, Japan and other islands braced, though little initial damage was reported. **World & Nation, pages A3-4**

FROM LOCAL CHILEANS

"I was terrified because I was in Chile in 1985 and there was a big earthquake, and that was a 7.5 and that was very scary. So now I was terrified for the people that went through an 8.8." Teresa Berrincha of West Hartford.

"I was talking to [my cousin on Skype] when the earthquake happened last night. I was talking to him and he started moving and he said there was an earthquake going on and I said 'Are you OK?' and then we totally lost the connection." Daniella Lamilla of West Hartford, who later found out her Chilean cousin was OK.

— Tom Lewis, Fox 61

THE SHOCK:

This quake had 500 times the power of the Jan. 12 quake that devastated Haiti.

ASSISTANCE:

Aid groups say the enormous efforts poured into Haiti may affect the relief effort for Chile.

MOTIVATING STUDENTS

Putting Some Fun Into Taking CMT

Rallies, Rap Just Two Of Ways Educators Hope To Boost Scores

By **GRACE E. MERRITT** | gmerritt@courant.com

Two teachers and a guidance counselor blinged out in gold chains, sunglasses and running suits will rap about the Connecticut Mastery Test Monday at a rally in a Wolcott school gym to try to get middle school students excited about taking the test.

"M is for mastery. It means knowing the material!"

"Best go to bed early and have a lot of cereal!"

The show is a big hit with students who love seeing their teachers acting cool and also love challenging the teachers to improvise, daring them to find a rhyme for "Ticonderoga No. 2 pencil."

Similar school rallies took place around the state last week. Teachers shot T-shirts into crowds with giant slingshots in Wolcott. A New Haven school brought in the Yale marching band to rev up students. And the entire New Haven school district hosted an egg-and-sausage breakfast for 200 bus

NEED TO KNOW

TIPS FOR PARENTS

- ▶ **Get Rest:** Make sure your child gets a good night's sleep.
- ▶ **Eat Food:** A healthful breakfast is essential; also provide a snack.
- ▶ **Be On Time:** Being late means taking a makeup.
- ▶ **Be Healthy:** Don't send a sick kid to school.
- ▶ **Be Serious:** Don't let kids fill bubbles with smiley faces.

CMT, A14

QUICK TAKE

U.S. Senate Debate

Candidates for U.S. Sen. Christopher Dodd's seat will face off Monday and Tuesday in debates co-sponsored by The Hartford Courant and Fox 61.



Democrats **Merrick Alpert** and **Richard Blumenthal** will debate Monday at 7 p.m. Republicans **Linda McMahon**, **Peter Schiff** and **Rob Simmons** will debate Tuesday, also at 7 p.m. Both debates will originate from the campus of the University of Hartford.

The one-hour debates will air live on **Fox 61** and will stream live at **ctnow.com** and **courant.com**. Reports and analysis will be available on both websites and in the next day's Courant.



▶ **MY FIRST 100 DAYS:** Find out what each candidate says his or her priorities will be. **Opinion, Page C1**

Snow Showers

High of 42. **Weather, Page B6**

Finally, 'Parenthood'

"Parenthood," the much anticipated show delayed by a cast member's illness and an executive's death, debuts Tuesday at 10 p.m. on NBC. **Arts, Page G5**

Catching The Bus

Hartford's bus system has little problems, like the lack of maps and timetables, but it has one big one that demands fixing: All routes merge into chaos on Main Street. **Opinion, Page C1**

UConn Says Goodbye

Five seniors, Tina Charles (right), Kalana Greene, Meghan Gardler, Jacquie Fernandes and Kaili McLaren, play their last regular season home game — an 84-62 victory over Georgetown. **Sports, Page E1**



Help With Your Money

So you need a financial planner. How do you find one? The phone book? Anyone can call himself a financial adviser. Should you ask friends or family for a reference?



That's what Bernie Madoff clients did. Face it: You're just going to have to do some investigating. **LiveSmart, Page D1**

A Mom In 'Motherhood'

Amy Irving limited her theater and film roles over the last two decades as she raised two sons. Now she's appearing at Hartford Stage in "Motherhood Out Loud," a play she says hits "way too close to home." **Arts, Page G1**

CLASSIFIED	K1-6
LOTTERY	A2
MOVIES	G5
OBITUARIES	B3-5
OPINION	C1
PUZZLES	F3, K5

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A Death Just As Tragic

Helen Ubiñas: Another good man loses his life to a reckless driver on Park Street in Hartford. **CTNow, Page B1**

Stop & Shop Talks Go On

There's no agreement on a new contract, but no new threat of a strike. Talks resume today. **CTNews, Page A2**



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FROM PAGE ONE

Insurance

CONTINUED FROM A1

add further constraints on insurers raising premiums for individual plans, while Congress considers President Barack Obama's proposal for a new federal agency to monitor all rates.

In the intensifying battle over premiums, billions of dollars are at stake in a debate that pits insurance companies, doctors, hospitals, consumer groups and regulators in a complex web of discord. Depending on the proposal, various sides align as they blame others for the rising cost to consumers.

Consumers and small businesses are stuck in the middle, struggling in the slow post-recession recovery to pay for basics, as health care costs rise by double-digit increases year after year.

Reformers point to \$12.2 billion in combined profits last year at the five largest health insurance companies — WellPoint, UnitedHealth Group, CIGNA Corp., Aetna, and Humana. Insurers say much of that was investment income recovered during a stock market rebound. The profit from each premium dollar has narrowed, they say, as medical expenses launch skyward.

Proponents of stronger state laws, primarily Connecticut Health Care Advocate Kevin Lembo and Attorney General Richard Blumenthal, say state regulators should make rate hikes "reasonable" rather than "not excessive" as current statutes require. They point to the fact that the state Department of Insurance has approved rate increases exactly as requested by insurers in 22 of 26 cases since 2006.

"The current state regulatory system has failed consumers. It's broken, and it needs reform," Blumenthal said.

But state Insurance Commissioner Thomas Sullivan, who approves the rates, says they are based on actuarial science. Premiums, he says, are merely a reflection of both rising prices for goods and services — doctor visits, hospital expenses, pharmaceuticals and equipment — and added use of medical services.

"I don't think there's an area of medical cost that isn't experiencing significant increases in cost, whether that's imaging or pharmaceuticals or physician fees or inpatient care or outpatient surgery," said Keith Stover, a spokesman for the Connecticut Association of Health Plans, the lobbying group for insurers.

Charting The Rise

It's nearly impossible to track and compare premiums from state to state because of a huge variety of plans, changes in plans from year to year and myriad other factors. The federal government and nonprofits keep track of average premiums for employer-based insurance, but not individual plans. And those averages can be skewed by numbers at the high and low ends, saying nothing about the plans most people have.

Further, the average prices provided by the U.S. Department of Health and Human Services have enough margin of error that any state's ranking could in reality be significantly higher or lower than represented.

Average price in private insurance is also skewed by consumers' choices. Connecticut's high rank may show only that consumers and employers here are willing to spend more for better coverage, not that they're paying more for the same coverage.

What's undisputed is the alarming rise in price, generally.

The average annual premium for a family plan offered through a person's workplace was \$13,436 in 2008, nearly double the \$6,958 premium a decade before. The nation averaged \$12,298 in 2008, more than twice the \$6,058 average a decade before.

Looking only at the employee's contribution to a family plan premium — \$3,075 on average in 2008 — Connecticut is 15th least expensive among all 50 states and Washington, D.C. Employers pick up the rest of the tab.

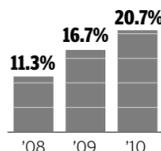
Making matters more confusing, the state regulates only the so-called fully insured plans, those in which the risk is taken on by the insurer. Premiums for self-insured plans, typically at large companies that hire the insurance companies only to run the plan, are regulated by the federal government (but are included in the HHS averages).

Fully-insured group plans sold to about 875,000 Connecticut residents this year had increases ranging from 13 to 19 percent, according to the state Office of Legislative Research. In 2009, that same range was 10 to 13 percent.

In individual plans, prices and options are so broad that comparisons are absurd — like comparing the price of a "meal" in one state vs. another: A chili dog or black caviar with the best Krug champagne? On average, though, individuals who buy their own plans in Connecticut saw their premiums rise this year by a 20.7 percent average — up from a 2009 increase of 16.7 percent.

On Your Own And Paying More

When it comes to individual medical plans, those bought independently rather than through employers or other groups, comparisons between states are not available because there are too many variations. But it's generally agreed that the prices of those plans are growing among the fastest of any plans. Connecticut has seen sharp increases in the average cost of individual plans:



But the range of prices is enormous

An example from Anthem Blue Cross & Blue Shield, the insurer with the largest number of Connecticut members:

CENTURY PREFERRED PLAN
Family coverage, **\$500 deductible** with drug benefit up to \$2,000
\$1,032 per month to **\$2,100** per month, depending on age

Family coverage, **\$3,000 deductible** with drug benefit up to \$2,000
\$863 per month to **\$1,755** per month, depending on age

SOURCE: Connecticut Insurance Department

WES RAND / THE HARTFORD COURANT

Why The Hikes?

Health care eventually comes down to questions about why premiums cost so much and why they're rising faster than overall inflation.

Insurers point to medical costs. "As provider prices and consumer utilization increase, so must health insurance premiums," said David Fusco, president of Anthem Blue Cross and Blue Shield of Connecticut, the insurer with the largest state enrollment.

"If insurers are unable to raise premiums to adequately cover these increased expenses, they become unable to pay claims on behalf of their members," Fusco told lawmakers Thursday.

Among the factors that keep Connecticut prices higher than the norm: overall cost of living in the Northeast and the aging population of Connecticut.

"More patients need more care now than ever before," said Matthew Katz, executive vice president of the Connecticut State Medical Society.

Doctors, consumer activists and many Democrats, led by Obama, say insurers are reaping billions in profits with no restraint, as they add cost by forcing providers to spend ever more on the filing of claims.

"Health insurance companies and their profits are getting bigger and fatter while patient access to care suffers," Katz said.

Insurers fight back by saying that doctors are bilking the system with unnecessary charges. They also cite excessive and elaborate services, which doctors, in turn, say are forced by a culture that requires "defensive medicine."

Also at issue is whether premiums are higher in Connecticut because the state requires the insurers it regulates to provide coverage for services that aren't required in other states.

"While legislated regulations may

add to the cost of fully insured plans vs. self-funded plans, probably a bigger factor are risk charges — the cushion that insurance companies build into the rates to cover them in the event of higher-than-expected costs — and profit," said Beth Umland, director of health and benefits research at Mercer, a benefits and health care consulting firm.

"In self-funded plans, employers are just paying for the claims cost and administration," she said.

Among other disputes about premium costs: Are doctors in Connecticut paid better than those in other states? How much of hospitals' services are provided out of fear of lawsuits? And how much are patients with private insurance subsidizing the lower-paying public medical plans, chiefly Medicaid and Medicare?

Dr. John A. Foley, a Norwich cardiologist who joined the medical society in testifying at a legislative hearing Thursday, said he has been getting paid less each year. He said most doctors practice defensive medicine for fear of being sued, more than many studies reveal. And he said none of those services is performed to make up for a loss from treating patients in public health plans.

Foley supports measures to rein in rate hikes because, he said, he believes insurers are pocketing most of the added money.

A detailed public investigation is impossible. That's because when insurers file rate requests, much of the information they give to the Connecticut insurance department is considered proprietary, and is kept private.

Lembo, the state health care advocate, says making that information public would help.

"There is insufficient information to research and to come to a final conclusion about what is actually in that premium dollar," Lembo said.

"And that is not necessarily a quarrel with industry. It's just that more folks are priced out of the market, more employers drop coverage, the ranks of the uninsured swell, the shift in burden goes more onto employees than it ever has before.

"This has created a situation that is disastrous both for the health of the people of Connecticut, and for the economic security of the state as a whole," Lembo said.

Debating A Solution

Political proposals and supposed solutions abound.

Obama's idea for a new federal agency to monitor and perhaps regulate health premiums has so far not drawn wide scrutiny, but is opposed by the industry and many state regulators.

The bill by Lembo and Blumenthal, which would not apply to group rates, was drafted immediately after fury last year when Anthem requested rate hikes of 23 to 32 percent for its individual plans in the state.

"If states want to continue with the regulatory role they've had in the past rather than the shift of responsibility to a national regulator as the president has proposed, they have to do the right thing; they have to show they can perform and protect consumers," Blumenthal said.

The bill would require public hearings each time an insurer asked to raise rates. Public hearings are now held at the discretion of the insurance commissioner. The insurance department would also make public all of the supporting documentation that insurers provide to the department and would authorize the attorney general and health care advocate to intervene and cross-examine insurers during rate-hike proceedings.

The bill also calls for an appeal process, which currently doesn't exist.

If adopted, the reform would scare away insurers if they're not allowed to base rates on actuarial science, said Sullivan, the insurance commissioner.

Other states have adopted similar legislation and have seen insurers stop offering coverage to the individual market, Sullivan and insurers say. Maine is an example, though the experience of other states is often debated because they have different demographics, different income levels and other factors that would alter the outcome.

Sullivan, however, is certain the same would happen here.

"I fear that the unintended consequence would drive away competition," he said, "and hurt the very consumers that the proponents of this bill are trying to protect."

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