COURANT CLASSIFIED, PAGE E6

BUSINESS

Dow Jones	Nasdaq composite	S&P 500	Courant-Bloomberg CT	Russell 2000	10-Year T-Note Yield	Gold, cash price	Oil
▲ +52.43, 12,866.78	▲ +12.75, 2,451.24	▲ +5.11, 1,397.68	▼ -0.24, 379.14	▲ +3.34, 719.55	▼ -0.07%, 3.78%	▲ +$8.75, $877.00	▲ +$0.16, $123.69

Hospitalization Rule May Be Out

By DIANE LEVICK
COURANT STAFF WRITER

Lisa Gfeller of Fairfield joyfully cried all the makeup off her face Thursday upon hearing that state legislators passed a bill that would make it easier for people like her daughter to get residential treatment for mental health and eating disorders.

The House passed a measure late Wednesday that would revise an existing law that says group health insurance doesn't have to pay for residential treatment unless a patient enters the program immediately after spending three days in a hospital.

The bill, which the Senate approved May 1, eliminates the three-day rule. Residential treatment — a live-in program that's less intensive than hospitalization — costs thousands of dollars, and Gfeller and other parents complain that insurers use the existing law to avoid paying for needed care.

Gfeller has waged a long fight — with a positive outcome in sight — to have her insurance cover the residential treatment her teenage daughter, Kathryn Laudadio, received last summer at the Renfrew Center of Philadelphia.

Ironically, Laudadio, who battles anorexia and various other mental disorders, would have fulfilled the three-day rule because doctors wanted to hospitalize her. But no psychiatric bed could be found for her at the time.

"This [bill] is going to save thousands and thousands of lives," Gfeller said. "Children and adolescents are going to get the care they need, when they need it, as prescribed by their doctors, without being bound by that ridiculous rule."

PLEASE SEE **RULE**, PAGE E2

Several Factors Rattle Phoenix

Company Posts Quarterly Net Loss Of $19 Million

By DIANE LEVICK
COURANT STAFF WRITER

The Phoenix Cos. posted a $19 million net loss for the first quarter on equity market declines, large death claims, the loss of a major client and unusual expenses, including a recent proxy fight.

The Hartford-based company said Thursday that it had an operating loss of $4.7 million, or 4 cents a share, in this year's quarter, compared with $37.4 million, or 32 cents a share, of operating profit a year ago. Operating results exclude realized investment gains and losses.

The Thomson Financial analysts' consensus was for an operating profit of 25 cents a share in this year's period, and the company's 4-cents-a-share loss rattled analysts and investors.

Phoenix's stock fell as much as 17.5 percent Thursday before closing down $1.66, or 13 percent, at $11 a share. The company had gone public in June 2001 at $17.50 a share.

The company's $19 million, or 17 cents-a-share, net loss in the first quarter compares with $50.6 million, or 44 cents a share, of net income in the 2007 quarter. The net loss included $15.1 million in net realized losses compared with $12.2 million of realized investment gains a year ago.

"This was a very rough quarter, particularly compared to last year's very strong first quarter," Dona D. Young, chairman, president and chief executive, told analysts on a conference call.

She blamed "a confluence of negative events and factors, some specific to Phoenix and others related to the unprecedented volatility and negative market environment in terms of liquidity, credit and equity performance."

One of the factors hurting Phoenix's results was $4.6 million of

PLEASE SEE **PHOENIX**, PAGE E4

ENCOUNTER: GEORGE WARNER

RESTORE-ATION

New Shop Puts Discount Spin On Habitat Needs

BY GAIL BRACCIDIFERRO | SPECIAL TO THE COURANT

During his 25-year career as president of the Gilman Corp. in Bozrah, George Warner mastered people management skills that he is now putting to use in another job.

He recently began managing the brand-new, 10,000-square-foot ReStore in Salem, which is sponsored by Habitat for Humanity of Southeastern Connecticut. He oversees a staff of volunteers who sell deeply discounted new and used building supplies, appliances and home furnishings.

SHANA SURECK THE HARTFORD COURANT

GEORGE WARNER manages the Habitat for Humanity ReStore in Salem, where shoppers can find deeply discounted new or quality used building supplies, appliances and home furnishings, such as this antique claw-footed bathtub.

Q: How did Habitat for Humanity figure that this would be a worthwhile venture?

A: For a small affiliate it is a risk, and the board of directors took the idea very seriously.

There are 400 Habitat ReStores around the United States and they have a wonderful network called Partner Net in support of each other. I had a thousand questions about how to do this and I could go online and ask other ReStores: Will you share your handbook or your business plan? How did you handle this situation or that situation? They shared their manuals, their operational procedures and their business plans.

We also formed a ReStore Committee and the planning took about a year. They did the site surveys and interviewed landlords to decide where we might go. They developed a draft handbook and a business plan. We leased this from Salem Country Gardens and the businesses will support each other.

Q: This is the third Habitat ReStore in Connecticut. How can this store distinguish itself from the others?

A: Every ReStore has its own identity depending on the demographics of the area. What my customers will want here will be different from what they want in other places. In Bridgeport, for example, it's more industrial.

Rather than competition, it's just the opposite. We formed a consortium together. If I have a surplus of switches or windows or doors, I'll drive to another store and give them what I have a surplus of and they'll load me up with their surplus. We swap things back and forth. It's a gentlemen's agreement to support each other. It's also very important to keep the quality level high and have it not degenerate into a thrift shop. We refer people to thrift shops if the goods they want to donate are not the quality we need. Right now the merchandise we have is about 40 percent

PLEASE SEE **RESTORE**, PAGE E4

Rule Targets Health Plan Sales Abuses

By KEVIN FREKING
ASSOCIATED PRESS

WASHINGTON — Agents selling private health insurance plans to the elderly and disabled would be barred from cold-calling, door-to-door solicitations and pitching their products outside hospital waiting rooms or pharmacies under a federal rule proposed Thursday.

The rule is designed to make it harder to pressure Medicare beneficiaries into signing up for insurance products they don't need or want. It essentially restricts face-to-face solicitations to those the customer initiated.

A new Medicare drug benefit began Jan. 1, 2006. Since then, participants and state insurance commissioners have complained that some agents use false information to enroll people in certain plans, particularly those offering comprehensive health insurance.

"We want to make sure that beneficiaries aren't pressured into sales," said Kerry Weems, acting administrator for the Centers for Medicare and Medicaid Services. "In parking lots, waiting rooms and those kinds of places, a salesman can create a pressure environment or

PLEASE SEE **RULE**, PAGE E4

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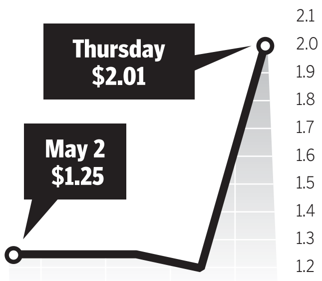
Visit **www.courant.com** throughout the day for complete stock and index updates.

LOCAL BRIEFING

Stock Scope

First Aviation Soars

Shares of Westport-based First Aviation Services Inc. shot skyward Thursday, rising 68 percent. The company, which provides services to the aviation industry, including sales of parts and repairs. Its shares are down 30 percent for the year.



SOURCE: Bloomberg News

Takeover Reports Boosts WellCare

Shares of managed-care provider WellCare Health Plans Inc. have jumped for two consecutive days on speculation of a takeover by rivals.

The buyout speculation was published by columnists on the website of the Financial Times on Thursday and on Fortune magazine's website Wednesday. The reports, citing unidentified sources, named three U.S. health insurers as potential suitors: UnitedHealth Group Inc., of Minnetonka, Minn.; Humana Inc., of Louisville, Ky.; and Aetna Inc., of Hartford. Officials for Tampa-based WellCare declined to comment Thursday. Aetna spokesman Fred Laberge also declined to comment Thursday. Spokesmen Don Nathan of UnitedHealth and Tom Noland of Humana didn't immediately respond to requests for comment.

WellCare manages health benefits for 213,000 elderly and disabled customers whose coverage is paid for by U.S. Medicare, and for 1.2 million members of state Medicaid programs for the poor, according to analyst Carl McDonald of Oppenheimer & Co. in New York.

From wire reports

Tribune Revenue Declines 8 Percent

Associated Press

CHICAGO — Tribune Co. reported a first-quarter gain of $1.82 billion from continuing operations Thursday due to a change in tax status but said revenue declined 8 percent as newspaper ad sales continued to slump.

The newly private media conglomerate released quarterly numbers that were consistent with Chairman and Chief Executive Sam Zell's comments last month about the rapid deterioration of its revenues, which have prompted him to consider selling more assets than originally planned.

The huge, tax-related gain compared with first-quarter earnings of $11 million a year ago. It resulted almost entirely from an income tax adjustment of $1.86 billion related to the company's change in tax status at the beginning of the year to a subchapter S corporation.

Tribune, however, had a loss from continuing operations before income taxes of $30 million — down from income of $31 million in the same period of 2007.

Tribune's ad revenues fell 15 percent in the quarter, contributing to an 11 percent drop in operating revenues from its publishing division, to $823 million from $926 million a year earlier. That unit, which consists of The Courant, the Los Angeles Times, the Chicago Tribune, Newsday and other newspapers, saw operating profit decline 74 percent to $37 million.

The broadcasting and entertainment division, which includes Tribune's 23 television stations, had a 3 percent increase in operating revenue to $292 million.

Fraud Against Seniors On Rise

Federal Bill Intended To Crack Down On Scammers

Every year, Karen Liebig attempts to steer thousands of seniors away from investment fraud. And, yet, every year the numbers get a bit more grim.

Fraud against seniors rose roughly 40 percent last year, according to the North American Securities Administrators Association. Con artists flock to "where the money is," and that's largely with seniors — increasingly so as baby boomers age.

KATHY KRISTOF

That's why Liebig, director of the Torrance, Calif.-based KEEP-SAFE Coalition, a nonprofit education and advocacy group, supports recently introduced federal legislation that aims to curtail bogus credentials used to snare elderly clients.

The Senior Investor Protection bill would provide funding for states to monitor the credentials of people claiming to be senior or retirement specialists, and provide funds to investigate and prosecute advisors who use fraudulent or misleading professional designations to get clients.

"There is no procedure in place that helps you differentiate between the honest and the dishonest," Liebig said. "We work with several elder law attorneys, who are fantastic, and some real estate people who are wonderful too. But, there's very little that helps the average senior know the difference between these legitimate advisors and the guys who send you fliers, inviting you to a free lunch and investment seminar."

In the past several years, a virtual alphabet soup of "professional designations" have cropped up purporting to signal that the bearer has some specialized training and expertise in investment planning for retirees.

There are now 263 financial advisory designations, said Laurence Barton, president of The American College, a Bryn Mawr, Pa.-based school that licenses insurance professionals. Dozens of the newest credentials suggest that the adviser has special skills in retirement planning or advising seniors.

Consider, for instance, the "certified elder planning specialist," a designation that required a 96-hour self-study course provided by the Institute of Elder Planning.

According to Massachusetts securities officials, the institute was run by an insurance broker who was not licensed to sell securities. The organization has since gone out of business.

Groups granting bogus designations are often boiler-room operations, authorities said. The moment you find one and stamp it out, dozens of similar groups scurry for cover, only to emerge later with new names and slightly revised scams.

William Francis Galvin, Massachusetts' secretary of state, testified last year at a hearing of the Senate Special Committee on Aging that so-called certified senior advisors also gave the impression that they had special expertise in senior finances, but the appellation was "primarily a marketing tool."

The Society of Certified Senior Advisors, which grants this designation, argues that its training and appellation are valuable but are not meant to indicate that the person has some specialized financial savvy. Rather, the group says its training helps advisors better understand seniors' interests and needs.

The group says on the front page of its website that "the CSA designation alone does not imply expertise in financial, health or social matters."

The Securities and Exchange Commission notes that a variety of organizations may designate a salesperson a "senior specialist."

That may mean the adviser has received some specialized training in products geared to older investors, such as reverse mortgages. Or it may mean that they've learned nothing about investments but plenty about catchphrases — such as "safe and guaranteed" — that help advisors persuade risk-averse seniors to buy inappropriate products, such as equity-indexed annuities that lock up the account holder's cash for decades. (This type of tax-deferred annuity may be appropriate for some people, such as someone who is young and rich. But for an older person of modest means, who may need to get money for an emergency, it's usually a bad investment.)

The Senior Investor Protection bill proposes to bar advisers from using credentials that have not been verified by an accredited institution, such as a college or university, or by a nationally recognized accrediting institution.

Restaurants Count On Love For Mom

Expect Busy Sunday Despite Economy

By EMILY FREDRIX
ASSOCIATED PRESS

MILWAUKEE — It's a few days before Mother's Day, and Robert Jenkins jumps every time the phone rings.

He has about 220 reservations at his Cajun-style restaurant, Bayou, for brunch on Sunday. Last year, he had 300 reservations — but with the economy sagging, business is down.

Like many in the industry, he believes that love for Mom will trump fears about the economy. So when the phone rings this week, he's hoping it's someone booking a spot in his 115-seat dining room overlooking the Milwaukee River.

"You have high expectations, and this is one of those markers that you have that you need to perform well on," said Jenkins, who owns the restaurant with his brother.

Mother's Day is the restaurant industry's busiest day of the year. If the holiday does not go well, profits could be affected for the rest of the year in what has already been a tough environment. Although Americans are projected to spend more than $1.5 billion each day this year at restaurants, many are pulling back in the wake of rising gasoline and food prices and a shaky job market.

Families such as the O'Connells outside Pittsburgh are trying to eat at home more often. This includes skipping an annual brunch at the Casbah restaurant on Mother's Day on Sunday and attending a cookout with family members instead.

Julia O'Connell said she and her husband want to make cuts as other expenses rise. Instead of eating out two to three times a week near their home in Fox Chapel, Pa., they limit trips for them and their two children to Friday nights, shaving their monthly restaurant bill from $400 to less than $250.

"When we sat down and really started thinking, 'Where is the money going?' it hadn't occurred to us we could go out to dinner and drop $50 easily," O'Connell said. "It was ridiculous."

Americans spend nearly half of their annual food budgets in restaurants, said the National Restaurant Association, which has 380,000 members. Sales are expected to hit $558 billion this year, but the growth rate is slowing. This year, they're predicted to grow 4.4 percent from 2007. That's slower than the 2007 growth of 4.6 percent, and 2006's rate of 4.7 percent.

Areas hard-hit by the housing crisis and job losses, such as Michigan and Ohio, are bracing for sales slower than the national average.

And restaurant owners across the country are trimming costs — making smaller, less-expensive menu options to keep customers coming in. They're raising the prices of certain items, such as beef and grouper, but they're offering less-expensive items, such as buffalo meat and catfish, and even using butter blends rather than pure butter.

Restaurant operators are increasing their advertising, with many using cellphone and web marketing to attract customers for Mother's Day, said Hudson Riehle, the group's vice president for research.

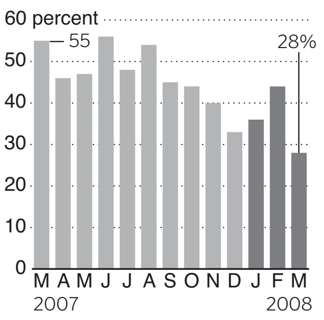
"They're cautiously optimistic, and if there's one restaurant special occasion that's sort of the exception to the 'It's the economy, stupid' rule, I'd say it's Mother's Day," he said.

Riehle did not have an exact figure for sales on Mother's Day, but George Van Horn, senior analyst at the research firm IBISWorld Inc., estimates that Americans will spend $3.51 billion on eating out in full-service restaurants, excluding fast food places, this Sunday. That more than doubles the $1.5 billion average daily spending, according to the restaurant association, at all types of restaurants.

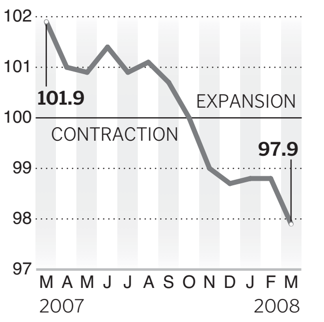
Diners Eating In

In March, 28 percent of restaurants reported higher sales from the previous year, their smallest increase in the past year.

Percentage of restaurants reporting higher sales from same month in previous year



Restaurant performance index



SOURCE: National Restaurant Association

Post-Yahoo, Microsoft Needs A Plan Soon

Software Maker Has Tried The Usual Tactics Already

By JESSICA MINTZ
ASSOCIATED PRESS

SEATTLE — Without the influx of Web traffic that Microsoft bet would quickly follow a Yahoo buyout, the software maker is facing a long slog if it wants to turn its money-losing online services business into a Google-killer.

Since it withdrew a $47.5 billion bid for Yahoo Inc. after talks collapsed, Microsoft Corp. has offered little insight into what "Plan C" will entail. In that vacuum, experts are scraping the bottom of the barrel for ideas, with many concluding that they actually don't know what could get Microsoft out of its pickle.

It is not clear Microsoft can do this alone — and in fact, it's not always clear what "this" is. Some analysts say Microsoft must increase its search traffic to attract advertisers. Others believe Microsoft should concede that market to Google Inc. and find success elsewhere — leapfrogging rivals in areas such as display and mobile advertising.

All that is clear is Microsoft must come up with a Plan C soon, after acknowledging that its Plan A of going solo was troubled, forcing it to turn to Plan B of acquiring Yahoo.

Part of the problem analysts face predicting Microsoft's next moves is that the company has already tried the obvious tactics. It built its own search-ad platform from scratch and spent $6 billion to buy a major online advertising company, aQuantive.

Microsoft overhauled its search engine technology, and most analysts agree that its results are at least as good as Google's. It tweaked the design of its Live Search service to become more like Google. It touted its improvements on billboards and in glossy magazines.

Last year, the company seemed confident that it wouldn't take much to convert the hundreds of millions of Hotmail users, Xbox Live-connected video gamers and Windows Live Messenger chatters into a flood of search traffic.

"We've done a lot of work to get clear strategy and focus," Kevin Johnson, who heads the division that includes online services, told a gathering of financial analysts in July. In November, Johnson detailed aggressive goals that included capturing 30 percent of U.S. search queries.

By January, though, it was apparent Microsoft's efforts weren't working. Its share of U.S. search queries was stuck under 10 percent, behind Yahoo's 22 percent and Google's 58 percent. Microsoft responded by proposing to buy Yahoo for its traffic and search-savvy engineers.

That bid unraveled Saturday, and Microsoft is running out of options. Many expect Microsoft to make another run at Yahoo, or to buy other companies, such as Time Warner Inc.'s AOL, the online software company Salesforce.com Inc. or Facebook, the No. 2 online hangout in which Microsoft already owns a 1.6 percent stake.

For now, Microsoft seems focused on going alone, though the company declined to make executives available to talk about its online plans. In Japan, Chairman Bill Gates told reporters Wednesday that "at this point Microsoft is focused on its independent strategy."

Just two days before Microsoft Chief Executive Steve Ballmer walked away from the Yahoo bid, he told employees that the company must "build the most interesting position in the world in online advertising, media, and the kind of social connected search and media experiences that go along with that."

Rule

CONTINUED FROM PAGE E1

"This is Kathryn's victory," Gfeller said, noting that her daughter's story, told in a Page 1 article in The Courant last month — influenced the outcome. "That young lady was brave enough to say 'Let's put our cards on the table.' "

Attorney General Richard Blumenthal and state Healthcare Advocate Kevin Lembo had championed a bill in February that would have repealed the three-day rule. That bill never came to a vote in the insurance and real estate committee.

Gfeller said state Sen. John McKinney, R-Fairfield, took note of The Courant article and revived the effort to repeal the three-day rule. He ultimately used an unrelated bill as a vehicle to accomplish the goal.

That bill now goes to Gov. M. Jodi Rell, but a spokesman for her office said it's too early to say whether she will sign it. If she does, it would take effect Jan. 1.

The bill still allows insurers the right to determine for each patient whether residential treatment is medically necessary. They don't pay for care that isn't medically necessary.

The bill also doesn't affect employers' self-funded health plans, in which the employer sets aside money to pay claims and hires an insurer or other firm to administer the plan.

Gfeller's insurance is the town of Fairfield's self-funded plan, administered by Anthem Blue Cross and Blue Shield in Connecticut. The plan's provisions are patterned on state law and include a three-day rule.

Blumenthal said that although Fairfield wouldn't be legally required to abandon the three-day rule, he hopes and expects the town will do away with it. He said he's not sure, however, what effect the town's collective bargaining agreement will have in the matter.

Meanwhile, Blumenthal said Thursday that Fairfield has an agreement in the works that will "fully compensate" Gfeller for her daughter's residential stay last summer.

Going forward, the legislation's elimination of the three-day rule "is a giant step toward fairness and cost-effectiveness for Connecticut patients," Blumenthal said in an interview.

The three-day rule is short-sighted and counterproductive, Lembo said. When patients can't get the residential care they need, they can experience relapses and have to be admitted to psychiatric hospitals, he said.

Also, patients who are in the hospital to satisfy the three-day rule but don't need to be there can clog the hospital system unnecessarily, Lembo said.

He noted that the bill also prevents insurers from denying payment for residential treatment just because the patient isn't a child or adolescent.

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