

Insurance Times: CONN. HMOS looking to raise deductibles as way to curb increases

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HMOs Say The Changes Will Make
Consumers More Cost-Conscious

HARTFORD — Several health insurance companies are proposing changes to their HMO plans in Connecticut and other states that could add hundreds or thousands of dollars to consumers' medical bills. In an effort to slow the growth of soaring premiums, insurers want consumers to pay deductibles and a percentage of their medical costs, regardless if they use doctors and hospitals within their HMO network.

Cut Premiums 10-25%

The proposals would decrease premiums 10 percent to 25 percent compared to premiums of conventional HMOs, but consumer advocates warn that a heavy financial burden would be placed on the sickest and neediest people.

The new plans "may make premiums a little lower, but it comes with a high price," said Gail Shearer, director of health policy analysis at Consumers Union in Washington.

Insurance companies nationwide have taken a series of steps to shift more of the inflation of medical costs to workers, while employers are increasing employee's premiums and co-payments.

The new HMO proposals must first be approved by state regulators. The new plans would be available next year at the earliest.

Insurers, however, still plan to offer employers existing HMO plans and are working on other benefit changes. They say the proposed changes will give employers relief from rising medical costs by making consumers more cost-conscious.

"The timing is good," said Paul M. Philpott, chief marketing officer of Farmington-based ConnectiCare. "The business community and health plans have recognized that employers have reached the end of their rope."

ConnectiCare and Hartford-based MedSpan are among the most enthusiastic proponents of HMOs with deductibles and co-insurance. Oxford Health Plans and Aetna, the nation's largest health insurer, said they expect to offer such plans.

Small Firms Benefit

The proposed changes come at a time when insurance brokers and consultants are reporting that premiums for upcoming renewals will increase an average 15 percent. They say premium increases of 40 percent or more are not unusual.

Bob Feen, president of The Benefits Group in Cheshire, said small employers would benefit the most from the proposed new HMOs. He said smaller companies are hit with automatic premium increases as their workers hit higher age categories, as well as across-the-board rate increases.

Under one of the new HMO designs, a single worker would have to be treated within the network and pay a \$150 or \$200 deductible, for example, while a family deductible could be \$500 a year.

Then members would have to pay 20 percent or 30 percent of medical bills above the deductible, until they've spent up to a cap of \$2,000 or \$3,000 for the year. Insurance would pay 100 percent of costs that exceeded the member's cap.

Doctors don't like HMOs with cost-sharing because they have to bill and collect payment from patients, and patients don't like the uncertainty about what their share will be, said Jane L. Lassner, senior consultant at the Stamford office of Watson Wyatt Worldwide, human resources consultants.

Although cost-sharing opens consumers' eyes to medical costs, it also can deter some from getting needed care, Lassner said.

"It's a hard call where the happy medium is," she said.