

# Employee Benefits & Managed Care Briefs

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## Study finds R.I. health plans to be in good financial shape

PROVIDENCE — A new review has found Rhode Island's commercial health insurers to be in good financial shape.

In 2001, Rhode Island's commercial health insurers were significantly more profitable and had stockpiled greater reserves than their counterparts nationwide, according to the study by the state Department of Health.

In 2002, a year for which national comparisons were not available, the insurers' profitability declined slightly but reserves grew and other indicators showed continuing financial strength.

"From a financial standpoint, it's good. They're strong," said Bruce Cryan, author of the report.

Cryan said the insurers' financial strength derives from three factors. Compared with insurers elsewhere in the country, Rhode Island's are more efficient, with less administrative overhead, they spend 1 percent to 2 percent less on medical care per premium dollar collected, and their net worth is growing faster, he said.

Blue Cross & Blue Shield of Rhode Island, the state's largest insurer and a nonprofit, had profits of 5.5 percent in 2000, 3.5 percent in 2001, and 0.8 percent in 2002. □

## Planned Mass. health plan rate hikes reduced a bit

BOSTON (AP) — The state's largest health insurer and others have announced they will reduce its rate hikes for employers.

The chief executive of Blue Cross and Blue Shield of Massachusetts, William Van Faasen, said the insurer's balance sheets are "finally working."

"All of this is occurring at a time when our customers are looking for relief from rate increases that have been 15 percent a year and sometimes higher," Van Faasen told the Boston Sunday Globe.

The average annual premiums will increase by slightly more than 9 percent for small employers in managed care plans, he said. The increase is a drop from the 16 percent increase during the first half of the year. Large employers will see similar premium breaks.

The break in rate hikes comes as medical costs have begun to level. The reductions are a result of higher deductibles and co-payments for medical care, which lessen the demand for expensive imaging tests and brand name prescription drugs. Preventive care and other health plan programs have also helped.

The drop from 16 percent to 9 percent in rate hikes for small employers will make a big difference since companies had become accustomed to double-digit increases, said Richard Lord, president of the Associated Industries of Massachusetts, a lobbying group.

Other health insurers said they would have slightly lower premium increases, including Tufts Health Plan and Harvard Pilgrim.

At Tufts, the premium increase will be below 10 percent and Harvard Pilgrim's increase will be between 11 percent and 13 percent, a company spokesman said.

The state Blue Cross expects to report a 10 percent to 15 percent jump in net operating profit as compared to last year's \$73.6 million. Its cash reserves are \$823 million, which have doubled since 1999. □