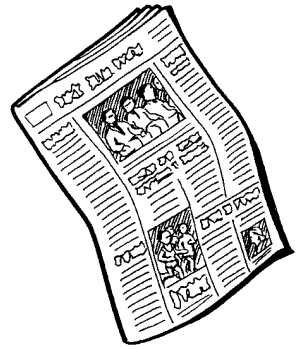


California and National News



WellPoint Profit Rises While Coverage Declines:

Blue Cross of California claims that “healthcare costs continue to rise due to many factors, including escalating hospital and doctor fees, demand for high-tech procedures, and increased use of emergency rooms for nonemergencies.” The consequence: Blue

Cross would have to increase its monthly premiums by 25+ percent, co-pays by 200+ percent, and requirements for “preservice review” for inpatient hospital services. Blue Cross’s premium increases are not the largest among California health plans. However, Blue Cross’s parent company, WellPoint Inc., reported a profit of \$2.5 billion for the calendar year of 2005! It also is to be noted that WellPoint’s spending on medical benefits was approximately 81 percent of premiums, among the lowest in the health insurance business. Blue Cross’s rate hikes occurred when WellPoint was acquired by Anthem (based in Indianapolis). This megadeal had been held up to some degree of scrutiny by California Insurance Commissioner John Garamendi, who uncovered a planned post-deal payout to WellPoint executives of as much as \$385 million, as well as the strong possibility that Californians would be stuck with the merger’s \$4 billion price tag. Garamendi then essentially forced the director of California’s Department of Managed Health Care to exact a promise from WellPoint that no merger expenses would be paid for by Blue Cross premiums. Whether this promise has been upheld is unknown, because the DMHC’s director has no authority to set health plan premiums, and therefore could audit only whether Blue Cross had changed its method of calculating premiums following the merger.

Private Rooms to Be the Standard for Hospitals: The private patient room is likely to become the standard for new hospital construction. No longer to be a luxury, private rooms are seen as avoiding infections, medical errors, privacy violations and stress. In light of concerns with pandemic diseases and increasing infection rates with more resistant organisms, other safety recommendations will likely include improved ventilation systems and more areas that can be isolated rapidly. Although one may think that new construction is not likely to happen in the USA’s 6,000 hospitals, a significant percentage of them are building to replace older and obsolete facilities in anticipation of the future medical demands of an aging population. The cost of such construction is expected to reach \$30 billion by 2009, compared with \$20 billion in 2005. It is stated that private rooms will reduce costs because patients recover faster; patients are less susceptible to disease transmission, less

likely to receive the wrong medication, and less likely to be mistaken for a roommate; the incidence of falls is reduced; and greater bed-occupancy rates is facilitated. All private rooms would give hospitals “surge capacity,” the ability to add beds in an emergency or disease outbreak by converting back to semiprivate rooms. (Summarized from an article by Laura Landro, *Wall Street Journal*, March 22, 2006.)

Malpractice Premium Escalation Caused by Escalating Jury Awards: Is the increase in malpractice premiums caused by price-gouging insurance companies or by escalating jury awards? According to Independent Research Director Alex Tabarrok, insurance company “greed” is not the answer: malpractice premiums do reflect awards. Tabarrok’s studies have shown that in the past three decades “every dollar increase in awards has led to a dollar increase in premiums.” It also is true that insurers cannot always determine quickly whether an increase in awards is a temporary occurrence or a permanent trend. In fact, in the 1990s, increases in premiums were not high enough to cover the increase in tort awards, although the companies are rectifying these miscalculations. Another factor to be considered is that awards have increased more in states where judges are elected. (Based on an article by Alex Tabarrok, *Wall Street Journal*, May 20, 2006.)

Higher Health Premiums For People With Unhealthy Lifestyles?: A *Wall Street Journal*/Harris healthcare poll found growing support for charging people with unhealthy lifestyles higher insurance premiums and/or greater out-of-pocket medical costs (higher deductibles and copayments). Healthy lifestyles included not smoking, frequent exercising and weight control. 53 percent of Americans think this would be a fair proposal, 32 percent think it would be unfair. These figures are in stark contrast to those from three years ago, when the same question received 37 percent and 45 percent respectively. Additionally, 56 percent supported the concept that the unemployed and the poor should receive the same quality of healthcare as those who are employed and paying taxes. (*Wall Street Journal*, July 19, 2006.)

Physician Manpower In Pennsylvania: It is estimated that there is a shortage of over 5,000 physicians in Pennsylvania. In the 20 most populous states, from 1999 to 2005, a 2005 CMS study on physician growth has pointed to Pennsylvania as having *decreased* growth by 9.6 percent! The only other state in this group to see a decline is California, with a modest 0.5 percent. This physician manpower shortage is expected to affect access to care adversely, increase physician workloads, and potentially counter efforts to improve patient safety and reduce medical errors. Pennsylvania, as with California, has demonstrated an inability to attract and retain young physicians. In

Pennsylvania there has been a dramatic decrease in the percent of physicians under the age of 35 (11.8 percent in 1991 to 3.4 percent in 2004). Moreover, the percent of residents who remain in Pennsylvania to practice has declined dramatically (51 percent in 1994 to 8 percent in 2004)! Pennsylvania is plagued by poor reimbursement rates and high malpractice premiums. Californians also suffer from dreadful reimbursement rates and, although malpractice premiums have been contained due to MICRA regulations, the cost of housing is astronomical compared with most other states. (Presidential Message from Robert Early, M.D., *Sentinel*, the Pennsylvania Society of Anesthesiologists Newsletter, Summer 2006.)

Laughing Gas: *The English Language*

Can you read these correctly the first time?

1. The bandage was wound around the wound.
2. The farm was used to produce produce.
3. The dump was so full that it had to refuse more refuse.
4. He could lead if he would get the lead out.
5. The soldier decided to desert his dessert in the desert.
6. Since there is no time like the present, he thought it was time to present the present.
7. A bass was painted on the head of the bass drum.
8. When shot at, the dove dove into the bushes.
9. I did not object to the object.
10. The insurance was invalid for the invalid.
11. There was a row among the oarsmen about how to row.
12. They were too close to the door to close it.
13. A seamstress and a sewer fell down into a sewer line.
14. To help with planting, the farmer taught his sow to sow.
15. The wind was too strong to wind the sail.
16. Upon seeing the tear in the painting I shed a tear.
17. I had to subject the subject to a series of tests.
18. How can I intimate this to my most intimate friend?