

Health Care Rate Hikes Not Expected to Jump Despite Mixed Results

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HEADLINE:Health Care Rate Hikes Not Expected to Jump Despite Mixed Results

SUMMARY

Despite flat to reduced profits from some of the major managed care companies during the first half of 2006, commercial health care cost and premium increases have settled primarily in a 6% to 8% range, with some insurers reporting further deceleration.

Several managed care companies reported lower earnings in the first half compared with the same period last year (see chart) due to the impact of costs related to implementing the Medicare prescription drug benefit.

Louisville, Ky.-based Humana Inc., for example, reported a 7.9% drop in first-half profits, with the earnings decline occurring in the first quarter of the year due to high administrative costs for its Medicare programs.

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