

# Forum

A monthly publication reporting on issues affecting the insurance industry in Ohio

October 2002



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The 35 million Americans admitted to hospitals each year generally are receiving fewer days of treatment at much higher charges, according to an article in *The Plain Dealer*.

New statistics compiled by the federal government's Agency for Healthcare Research and Quality demonstrate a continuing trend in hospital care.

- For heart attack victims, a typical hospital stay shrank to an average 5.5 days from 7.4. Treatment charges, adjusted for inflation, ballooned to an average \$28,600 from \$20,600.
- A diabetes patient's length of stay shortened to 5.6 days from 7.4. Treatment charges rose to \$14,800 from \$11,000.
- A mental-health patient's average stay was cut to 7.3 days from 13. But in this case, treatment costs dropped — to an average \$8,000 from \$10,600.

Some experts attribute the shorter hospital stays for some illnesses to improvements in treatment. Other analysts decry the trend saying managed-care companies' limits on hospital coverage have put many patients at risk. □

Seat belt use in the United States reached an all-time high of 75 percent this year, according to a survey conducted by the National Highway Traffic Safety Administration (NHTSA). Researchers found that seat belt use increased by 2 percentage points or about 6 million people. The result: about 500 more lives per year will be saved on the nation's highways.

NHTSA credits the passage and enforcement of primary seat belt laws for the increase. In states with primary laws, seat belt usage is 80 percent.

Primary seat belt laws allow law enforcement officers to stop and ticket drivers simply for not wearing their seat belts. In states with secondary laws, a driver must commit a moving violation before an officer can issue a ticket for failure to use a seat belt. Ohio has a secondary law.

The largest gain in seat belt use was in the Northeast, historically the lowest region for belt use. Between 2001 and 2002, seat belt use in the Northeast increased by 8 percentage points. However, the region still ranks last for overall belt use at 69 percent.

The West continues to rank highest, with 79 percent seat belt use, followed by the South at 76 percent and the Midwest at 74 percent. □

## Hospital Stays

Become shorter, but more costly

## Seat Belts

Use at all-time high

## Auto Repairs

"Genuine" parts outrageously priced

Auto owners and their insurance companies continue to pay outrageous prices to repair damaged vehicles using so-called "genuine" parts supplied by car manufacturers, according to a study by the Alliance of American Insurers.

Over the past 21 years, the Alliance has conducted numerous studies on the cost of crash parts using a variety of automobile models to demonstrate the excessive cost of car company parts. The cost of rebuilding a vehicle with car company parts generally triples the car's original cost.

This year's study focused on a 2002 Dodge Grand Caravan Sport, which has a retail price of \$24,815. When totaled out and rebuilt entirely from car company parts, the cost soars to \$71,631, not including the cost of labor and paint.

"The cost of repairing damaged automobiles accounts for between 40 and 50 percent of the insurance premium for most auto insurance consumers," said Kirk Hansen, Alliance director of claims. "Therefore, the cost of crash parts has a significant, direct impact on the price consumers pay for auto insurance. Expensive parts result in more costly repairs, which in turn result in higher premiums. In addition, many vehicles that should be repaired must be totaled due to the high cost of car company parts." □

## Health Benefits

Expected to rise more than 15 percent next year

The cost of health benefit plans at big companies will rise more than 15 percent next year on average, according to a study by Hewitt Associates Inc., a private human resources consulting firm.

As a result, many companies are not only making employees pay a larger share of their health care benefits, but are also considering health plans that try to cut costs by making employees take responsibility for their health care spending.

"Unless there is a fundamental change in how health care is delivered, costs will double in the next five years," said Jack Bruner, national health care practice leader at Hewitt Associates. "This is a major concern for senior management as it impacts the bottom line of companies across the country."

Hewitt expects average cost increases of 15.4 percent in 2003, on top of the 13.7 percent rise recorded this year. Health care costs for health maintenance organizations will rise 16 percent, while premiums for preferred-provider organizations and traditional indemnity plans will rise 15 percent. Over all, the average cost of providing health care coverage for an employee will rise to \$6,295 from \$5,456, the study said. □



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