



STATE OF CONNECTICUT  
**NEWS RELEASE**

ATTORNEY GENERAL RICHARD BLUMENTHAL  
HEALTHCARE ADVOCATE KEVIN LEMBO

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**ATTORNEY GENERAL, HEALTHCARE ADVOCATE SAY  
REVELATIONS OF ANTHEM ERRORS IN CALIFORNIA RATE CASE  
WARRANT REVIEW OF RATE INCREASES IN CT**

Attorney General Richard Blumenthal and Healthcare Advocate Kevin Lembo today are seeking review of a recent 16.5 percent rate increase for certain health plans through Anthem Health Plans, Inc. in Connecticut after Anthem's parent company was forced to withdraw rate hikes in California when an independent evaluation revealed significant errors in the company's request.

Major errors revealed in the California case reflect the same concerns that Blumenthal and Lembo brought to the Department of Insurance last July when they opposed Anthem's most recent rate hike request.

Despite the concerns raised by Blumenthal and Lembo, the Insurance Department gave Anthem approval to hike individual policy rates by 13 to 20 percent.

In a letter to Gov. M. Jodi Rell and the state Department of Insurance, Blumenthal and Lembo called for an independent audit -- paid for by Anthem -- to confirm whether Anthem made egregious actuarial and mathematical errors, similar to those that occurred in California, when it formulated its Connecticut rate hike requests.

"Consumers deserve an immediate audit -- clear confirmation whether Anthem used bad math to manipulate our Insurance Department into approving outrageous rate increases," Blumenthal said. "Wellpoint, Anthem's parent company, received a staggering profit increase its first quarter, raising additional serious questions about the necessity of devastating rate increases when profits are soaring.

"Consumers should not pay for Anthem's mistake, and deserve categorical confirmation that Anthem's facts are straight. Anthem's bogus math and facts in its California rate case echo the same stark concerns that we raised a year ago in

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**Connecticut. At a minimum, Anthem individual policyholders deserve proof that they have not been victimized by a bogus numbers game.”**

**Lembo said, “The only fair and reasonable action for the people of Connecticut is an immediate re-opening of the Anthem rate filing by the Insurance Department. Protecting consumers from abuses in the marketplace is a core responsibility of government. Unfortunately, our interests are continually swept aside in a regulatory dynamic designed to benefit big business. Is it any wonder that people have lost faith? The Insurance Department has an opportunity to restore confidence, but they must do so with a swift and decisive response.”**

**Such an audit would reveal, among other things, whether Anthem improperly inflated its projected health care costs by double counting aging in both its underlying medical trend analysis and in its attained age brackets. The California audit also found that Anthem overstated initial medical trend for known risk factors and in its use of combining adjustments that reflect multiple changes in methodology.**

**Blumenthal and Lembo reiterated their concerns over the Insurance Department’s rate review process in general and again urged it to consider multiple factors, including insurance company profitability, when reviewing future rate increase requests for excessiveness or inadequacy, and to determine whether they are unfairly discriminatory.**

**They also urged legislators to complete their work on H.B. 5090. The bill would bring greater transparency and accountability to the rate setting process. H.B. 5090 successfully passed through the House and is awaiting action in the Senate.**

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