

STATE HEALTH INSURANCE

Contracts to be extended

Legislative panel OKs state talking with Health Alliance, PersonalCare for deals through end of June 2012

By TOM KACICH
tkacich@news-gazette.com

CHICAGO — A legislative commission Tuesday authorized the Quinn administration to negotiate group health insurance contract extensions with Health Alliance and PersonalCare that will run until June 30, 2012.

But lawmakers also warned the health insurers that they shouldn't expect to get a significant rate increase from the state.

The negotiations between the state and the insurers are to begin almost immediately, with a public hearing on the results tentatively scheduled

for later this month. In the meantime, it's still not certain the state will be able to reach agreement with the insurers, whose customers include thousands of state employees, dependents and retirees in central Illinois.

"I'm concerned that could be an outcome, although I don't think it's a very likely outcome," said Sen. Mike Frerichs, D-Champaign, a member of the Legislature's Commission on Government Forecasting and Accountability.

Jeff Ingram, the CEO of Urbana-based Health Alliance, suggested at Tuesday's COGFA hearing in downtown

Chicago that his company should get a rate increase in line with the approximately 5 percent increase Blue Cross Blue Shield got in a contract that was awarded last spring. In the current, 90-day contract extension Health Alliance froze its rates to the state at last year's levels.

"It wasn't too difficult to agree to continue at (fiscal year 2011) rates for 90 days," Ingram said, adding that costs have increased for insurers. "One of the fully insured vendors obviously got an increase for FY12, Blue Cross. So I think if we're going to be fair and reasonable in the deal, it would at least be reasonable for COGFA to ask that the terms be no worse as to what's extended to Blue Cross."

But under questioning, Ingram admitted that Blue

Cross' current rates are lower than the rates Health Alliance received last year.

"But in the context that's not new," Ingram said. "None of the downstate HMOs rates are lower than Blue Cross. They've always been somewhere between 10 to 14 percent higher. That's true for PersonalCare. That's true for Health Alliance. That was true for Humana."

Ingram said that 90 percent of Blue Cross' Illinois customers are in the Chicago area, where health care costs are lower.

He also said that Health Alliance's unsuccessful bid to continue its contract with the state Department of Healthcare and Family Services called for an 8.2 percent rate increase.

Please see **CONTRACTS, A-6**

CONTRACTS

Continued from A-1

"In this environment to extend the rate from FY11 for a full year, if that would be the ultimate terms, is a little bit unreasonable given the fact that Blue Cross got an increase," Ingram said.

PersonalCare President Roman Kulich was hesitant to say what kind of rate increase he'd seek for his HMO coverage.

"At this point in time I don't know enough whether it would be an increase or flat. We are very much aware of the concern of this committee and of the state, so we would look long and hard at those numbers as to what would be necessary," he said.

Legislators suggested both during the COGFA meeting and after it that they wanted state officials to negotiate "the best deal that the state can strike," said Sen. Matt Murphy, R-Palatine.

"One of the main issues we've got with this whole process is we've got to be sure we are able to save money," said Murphy. "The numbers seemed a little fluid as to what was going to be needed as an increase. I think a little sharpening of the pencils is required."

COGFA co-chair Rep. Patti Bellock, R-Hinsdale, said she was "pretty confident they'll negotiate close to what (the insurers) are getting now."

Frerichs said the Quinn administration "needs to weigh the concerns of taxpayers who don't want to pay too much with the concerns of state employees who don't want to lose their coverage."

Tuesday's COGFA meeting was required to extend a temporary, 90-day contract the state and the health insurers agreed to in June. The nine-month extension was deemed necessary because a lawsuit challenging the awarding of new state health care contracts continues to move slowly through the court system. The next hearing on that suit is scheduled for Friday in Sangamon County Circuit Court.

EMERGENCY NOTIFICATION

Problems look resolved in test of Illini-Alert

By TIM MITCHELL
tmitchel@news-gazette.com

URBANA—Tuesday's test of the new emergency alert system at the University of Illinois appears to have resolved problems that previously delayed sending some messages to email users, according to UI spokeswoman Robin Kaler.

The Illini-Alert system sends email and text messages in the event of a campus emergency.

When the UI tested the system earlier this summer, it took some email accounts 90 minutes to receive a test alert, largely because the messages were caught in spam filters.

When another test was completed on Tuesday afternoon, Kaler said nearly all the test emails reached their destination within 15 minutes.

Overall, a total of 99,261 out of 101,580 emails sent had been successfully delivered as of 3:45 p.m. Tuesday.

Kaler said many of the emails that were not delivered were sent to people who had left the university and whose email addresses had not yet expired.

"And some people got their text alerts as early as a few seconds," Kaler said. "I got my text within a few seconds and my email within a few minutes. It was much more speedy."

Kaler credited increasing the number of servers han-

dling the alert system for the faster delivery.

"Previously we were only using two of our servers instead of the 10 servers available," Kaler said.

Text messages proved to be faster than the email alerts, with 95 percent of the people who had registered for Illini-Alerts getting the test message in just over five minutes.

"The goal obviously is to get as many messages out in as many formats as possible as quickly as possible," Kaler said. "It was a success by all measures."

UI police Lt. Todd Short said between 22,000 and 25,000 people should have received a text message on their cellphones.

In addition to email and text messages, the message alert test was sent to campus websites, to the Illini-Alert Facebook account and to the Illini-Alert Twitter account.

Kaler said the next focus will be getting people who have not already done so to register for Illini-Alerts. She said people can sign up for the program by logging onto <https://emergency.illinois.edu/>

"We plan to contact as many students, faculty, staff and parents as possible to register as soon as we confirm we don't need any more testing," Kaler said.

ACT scores in Illinois still below U.S. average

Students improve, but only 23% ready for college classes

BY DIANE RADO
Tribune reporter

Illinois' Class of 2011 posted the highest average ACT score in a decade — 20.9 — but the performance fell below the national average and most graduates left high school unprepared for key college classes, data released Wednesday show.

Results of the ACT college entrance exam offered a sobering portrait of students ending their high school years, with only a quarter of graduates who took the test nationwide posting scores high enough to be considered college-ready in all main academic areas.

Illinois fared worse, with just 23 percent of test-takers meeting all college-ready benchmarks in English, reading, math and science.

"American students are making incremental progress toward being ready to complete college-level work, but there's still significant work to be done," U.S. Secretary of Education Arne Duncan said in a written statement.

"These ACT results are another sign that states need to raise their academic standards and commit to education reforms that accelerate student achievement," said Duncan, former chief of Chicago Public Schools.

Illinois was a pioneer when, in the spring of 2001, it began requiring public school juniors to take the ACT as part of the state's Prairie State Achievement Examination for 11th-graders. That requirement was intended to give students who might never have dreamed of college the impetus to consider it, and it included administering the test in school, free of charge.

"We've seen steady incremental growth over the past decade while increasing access so that more students have the opportunity to take the test and consider college," said Illinois State Board of Education spokeswoman Mary Fergus.

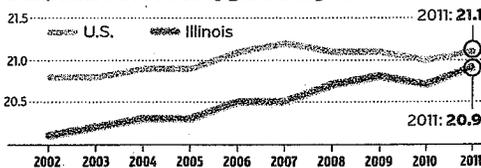
She noted that among the 10 states with the highest percentages of ACT test-takers, Illinois ranked at the top this year with its average score of 20.9. That compares with 20.1 in 2002 and 20.7 last year. The comparison includes states in the Midwest, South and West.

The average composite score is calculated from scores on tests in English,

Comparing ACT scores

Illinois' ACT scores have edged up during the last 10 years, with the Class of 2011 posting the highest composite score in a decade. Still, Illinois lags national averages.

Composite ACT scores by graduating class



Highest composite ACT scores by state

Where 90 to 100 percent of graduating class tested

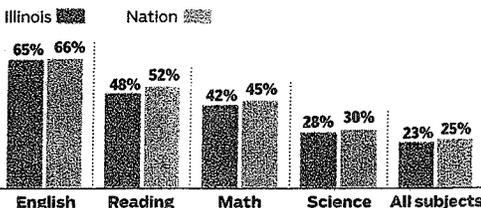
St.	% tested	Composite ACT
1. Ill.	100	20.9
2. Colo.	100	20.7
3. N.D.	98	20.7
4. Wyo.	100	20.3
5. La.	100	20.2
6. Mich.	100	20
7. Ark.	91	19.9
8. Ky.	100	19.6
9. Tenn.	100	19.5
10. Miss.	100	18.7

Regardless of the percentage of graduating class tested

St.	% tested	Composite ACT
1. Mass.	22	24.2
2. Conn.	26	23.9
3. N.H.	18	23.7
4. N.Y.	28	23.4
5. Maine	9	23.3
6. N.J.	19	23.2
7. R.I.	12	23
8. Minn.	72	22.9
9. Wash.	20	22.8
10. Vt.	28	22.7
U.S.	49	21.1

Percentage of graduates considered college-ready

Based on ACT target scores in each subject*



*Target scores represent the achievement required for a student to have a 50 percent chance of getting a B or higher, or a 75 percent of getting a C or higher in a freshman course related to the ACT subject. Target scores are 18 in English, 21 in reading, 22 in math and 24 in science

SOURCE: ACT, Inc.

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"There's still significant work to be done."

— U.S. Secretary of Education Arne Duncan

score remained unchanged, at 20.8. The overall score of 20.9 lagged the national average of 21.1. The highest possible score is 36.

A separate writing test is not included in students' composite scores, but the ACT company provided results to the Tribune: Illinois students averaged a 6.9 on the 12-point writing test, compared with the 7.1 national average.

Nationwide, East Coast and New England students outshined the rest of the nation, with top-scoring Massachusetts posting an average composite score of

group of test-takers with mixed academic records.

Average scores for each Illinois high school are not expected to be released to the public until the fall.

Students are considered college-ready if they score at least an 18 in English, 22 in math, 21 in reading and 24 in science.

Readiness is defined as having at least a 50 percent chance of getting a B or higher, or at least a 75 percent chance of getting a C or higher in related freshman courses for credit. For example, the English ACT test would correspond to a freshman English composition class at college, and the math test to college Algebra.

Illinois students were most ready in English, with 65 percent of test-takers meeting the score of 18 this year, up from 64 percent in 2010. Illinois also improved in math and science readi-

Off-campus living, on-campus learning might fall victim to exorbitant costs

BY MICHELE WELDON

Last weekend I moved my oldest son out of the run-down, \$3,000-a-month apartment he shared with five other University of Wisconsin at Madison students. It was six bedrooms of dilapidated convenience — that he loved — costing more than my monthly mortgage. In a few weeks I will move my middle son into a ramshackle, three-bedroom house near the Ohio State University campus. He and his two roommates will pay a total of \$1,500 a month in rent. It's why I refer to them as GenXpnsv.

Until now, parents and students have had little choice but to pay these rents for living away from home; it is simply supply and demand. There is no incentive for many landlords to upgrade, repaint or even exterminate. Every fall, new students arrive on campuses across the nation with their security deposits.

The living expenses of rent, food, utilities and transportation are choking many families. The College Board estimates that the average college student's living expenses for 2011-12 will be \$17,820 for nine months and \$23,770 for a full year.

Those numbers are based on a moderate budget, and the total varies in different geographic pockets of the country. The most expensive area is in and around Washington at nearly \$28,000 in living costs for 12 months. The least expensive is Detroit, with moderate college living expenses for a year estimated at \$23,770. Students in Chicago and its suburbs pay on average \$24,721 a year.

Added to high rent, many of the areas around college campuses are food deserts, with few options beyond wings and beer found at campus pubs. You can only send so many care packages.

The price of living on or near campus may have reached a tipping point. Because now there is another viable option: online learning, where the cost of living on campus is zero.

According to elearner.com, 216 online colleges and universities will extend their passwords to students this fall. These schools run from Kaplan University and the megamarketer University of Phoenix to traditional institutions such as Arizona State University and Washington State University.

Online enrollment at virtual, online-only and traditional universities and colleges offering online classes increased 21 percent in 2009, according to the Sloan Consortium's 2010 survey of online learning. The report says more than 5.6 million students took at least one class online, and 75 percent of the 2,500 colleges and universities surveyed report that the economic downturn has increased demand for online learning.

True, the majority of college students in this country this fall will attend an institution where they have face-to-face learning experiences. The National Center for Education Statistics shows that 20.6 million students attended American colleges in 2010, with enrollment expected to increase at least 14 percent through the fall of 2019.

Tuitions are hefty at brick and mortar as well as online schools. Tuition overall increased an average 37 percent last year, according to the U.S. Department of Education. Parents and their hard-working, hard-borrowing students saw tuition bills last year averaging nearly \$13,000 for a public institution and \$32,000 for a private school.

Estimates for an online four-year degree can run \$300 per credit, or \$30,000 for a bachelor's degree.

At the extreme, students can pay as much as \$51,300 a year to attend the most costly four-year not-for-profit college in the country, Bates College in Maine. At Northwestern University, my alma mater and where I am an assistant professor, tuition is \$41,592 a year.

I predict the mandatory back to campus/back to debt move-in scenario will soon become extinct for all except the elite. The sight of parents and their progeny toting garbage bags and mattresses into old apartments every August and September may become as quaint a memory as panty raids and parietals. It will be more common for students to click on a course from their parents' basement.

Next fall, not only will I be moving my middle son back to his final year at OSU, I will be moving my youngest son, now a high school senior, to a campus somewhere. I am quite sure he will not opt for a stay-at-home degree. For him, it would not be fair.

But perhaps by the time my sons' children are ready for college, moving to a campus to live while attending classes will be uncommon, except for the very wealthy. Because by then living on campus will be just too old school.

Most students will likely be attending a laptop university.

Michele Weldon is an assistant journalism professor at The Medill School at Northwestern University.

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News

A Graduate Student Burden

August 17, 2011

WASHINGTON -- For most advocates for student aid, the biggest casualty in the [debt ceiling compromise](#) reached by President Obama and Congress last month represented the least bad option: a change that would make graduate students responsible for the interest that accrues on their loans while they're in school but leaves Pell Grants and other financial aid programs untouched (for now).

But for graduate schools, the cut presents a challenge: how to help students and encourage enrollment as state and federal resources decline.

The move eliminates subsidized federal loans for graduate students -- loans, distributed by need, on which the government paid the interest that accrued while students were enrolled in school. The cuts will save the government about \$18 billion over 10 years. The change won't reduce the amount that students can borrow, but it will shift about \$125 billion from subsidized loans to unsubsidized loans.

The final decision to eliminate the loans is so recent that officials at many graduate schools said they haven't determined what, if anything, they'll be able to do to provide more aid to students when the cuts take effect in 2012. Still, the combination of declining state aid and possible cuts to federal research spending makes it unlikely that they will be able to offer significantly larger stipends or grants to offset the added interest.

"Given our own limited budget situation, I can't see how we're going to be able to respond immediately," said Patrick Osmer, vice provost and dean of the graduate school at Ohio State University and chairman of the Council of Graduate Schools. While Ohio State is still determining how students will be affected and what the university's response will be, "we're just working through our budget constraints ourselves," he said. "I think it's just going to be something that people have to absorb."

Congress voted to cut the subsidies as part of the final, last-minute deal to increase the debt ceiling on Aug. 2, but the eventual elimination of subsidized graduate loans had been all but certain since February, when President Obama proposed the cut to protect Pell Grants and other student aid programs in his budget plan for the 2012 fiscal year. Keeping the maximum Pell Grant at \$5,550 [was the administration's top priority](#), and ending subsidized loans for graduate students was seen as the most palatable option.

Just over one-third of all graduate students took out a subsidized loan in 2007-8, the last year for which complete data are available through the National Center for Education Statistics. The average loan was \$7,100, not far short of the maximum \$8,500. Students pursuing law and medical degrees borrowed at the highest rate -- more than 70 percent.

Graduate students and schools, and their advocates, say they fear the change will discourage students from pursuing an advanced degree. "You're going to see more individuals who decide not to go back to graduate school," said Mary Winn, the legislative concerns chair of the National Association of Graduate-Professional Students and a graduate student at the University of California-San Diego. "Graduate students really promote innovation," and a drop in the number of students who enroll will make the U.S. less competitive, she said.

Still, students in math, science and engineering are more likely to get a fellowship or tuition reimbursement to absorb at least some of the cost, Winn said. Students pursuing professional degrees, such as law or medicine, and those getting Ph.D.s in the humanities and social sciences, who are more likely to finance the majority of their own education, will be most affected by the cuts.

For medical students, who not only tend to take on the most debt but frequently defer their loans or go into forbearance while they are

continuing their training through residencies, the interest will accumulate quickly, said Matthew Shick, senior legislative analyst for the Association of American Medical Colleges. The association estimated that the change will cost the average medical student who has federal loans \$10,000 to \$20,000 more over the life of the loan.

But most medical schools aren't likely to adjust financial aid to make up the difference, just as they would not if the interest rates on federal loans increased, Shick said. "I think this will be viewed probably from the financial aid perspective as a change in the terms of the loan," he said. Since subsidized borrowing is capped at \$65,500 for undergraduate and graduate studies combined, most medical students already take out unsubsidized loans to cover the bulk of their costs, he said.

Medical students have one other advantage in borrowing: their program is time-limited. Although a relatively small proportion of Ph.D. candidates borrow – less than 30 percent, excluding Ph.D.s in education – the uncertain length of Ph.D. programs means that those students who do borrow will be hit hard, said Lisa Tedesco, dean of the James T. Laney School of Graduate Studies at Emory University. Students who have to learn another language to complete their studies, or spend significant time abroad working on international collaborations, frequently borrow more to cover more years or more expenses, she said.

Emory has an emergency loan program that can cover up to \$1,000 for unexpected expenses, and Tedesco said she expects more students will draw on that. The university also hopes to increase stipends to offset the additional loan costs – but that would mean that programs might be able to admit fewer students because of the added expense.

"We might see students choosing to stop out or not come to graduate school, which depletes the talent pool," she said, adding that she feared that first-generation college students would be disproportionately affected, because those students previously relied at least in part on subsidized loans and might be afraid to accumulate even more debt.

The American Psychological Association has not yet analyzed the impact of the legislation on its members' graduate programs, but said the change was a "real concern for graduate education in psychology," in part because psychologists tend to have lower starting salaries than students with other advanced degrees, and the increased debt might be more daunting.

"Our association does have a concern that the elimination of the federal support for graduate students, especially for those most in need, might create a real barrier for those who want to enter the field," Cynthia Belar, the APA's executive director for education, wrote in an email.

For those graduate schools that compete for top-tier students, the loss of the loan subsidy adds another way for universities to make an offer, Tedesco said.

"We have to sharpen ourselves on all fronts to make sure our students are really well-served," she said. "It's really just going to put a lot more pressure on the system."

— Libby A. Nelson

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Three more hospitals lose exemptions

Another 15 are under review as state cracks down on charity care

CHICAGO (AP) — The Illinois Department of Revenue has denied property-tax exemptions to three hospitals and is reviewing applications from 15 others, officials said Tuesday, signaling that the state plans to get tough on nonprofit hospitals it believes operate more like businesses than charities.

At stake are millions of dollars in tax revenues that the hospitals could contribute to cities, parks and schools by paying taxes.

Northwestern Memorial's Prentice Women's Hospital in Chicago's Gold Coast neighborhood, Edward Hospital in Naperville and Decatur Memorial Hospital in Decatur were informed of the decisions Tuesday morning, revenue department officials told The Associated Press.

They follow last year's Illinois Supreme Court ruling that found that Provena Covenant Medical Center in Urbana wasn't providing enough free or discounted treatment of the poor to qualify for an exemption, obligating the hospital to pay \$1.2 million in local property-tax payments per year.

The hospitals have 60 days to ask an administrative law judge to review the decisions. In Illinois, property taxes are collected by county governments, and the Department of Revenue decides which institutions are eligible for tax exemptions.

Illinois Hospital Association President Maryjane A. Wurth said in a statement that she was disappointed and "deeply concerned" by the preliminary rulings, and worries the hospitals will be forced to reduce services and increase costs for patients and employers.

"Hospitals in Illinois are vital community resources that deserve tax-exempt status, treating patients 24 hours a day, seven days a week, and providing services to thousands of people who do not have the financial means to pay for the treatment they need, and providing billions of dollars in benefits to their communities," Wurth said.

Edward Hospital released a statement saying it planned to "mount a vigorous defense," adding that it contributed \$77 million in charity care and community benefit programs last year. Decatur Memorial officials also said they will appeal because the denial was based on 2006 figures, and they can prove the current operations "clearly fit within the tax-exempt standards."

A representative from Northwestern said the hospital would release a statement later Tuesday.

Cook County Board President Toni Preckwinkle said she "applauds the state" for the decision involving Prentice, adding that "many institutions in Cook County" provide "a paltry amount" of charity care.

There is no state money involved in the property tax decisions, but cash-starved local governments could benefit if the hospitals end up paying taxes. About 15 other health care systems are awaiting decisions on tax exemptions for hospitals throughout the state, said Mike Klemens, manager of pol-

icy and communication for the Department of Revenue.

The department used guidance from the Illinois Supreme Court's decision, previous court cases and the state constitution to determine whether the hospitals qualified as charitable institutions, officials said.

EDITORIALS

'It's not ... strong enough'

On Tuesday, Gov. Pat Quinn gave the clearest signal yet that he won't let the massive gambling expansion bill he calls "top-heavy" become law as written. More important, Quinn gave the clearest signal yet that he understands how some influential legislators who are engaged in a grudge match with the Illinois Gaming Board want to use this legislation to weaken state oversight of gambling here.

Quinn plainly doesn't appreciate Chicago Mayor Rahm Emanuel's repeated urging that the governor sign the bill, and made his forceful comments in that context: "I would urge the mayor to talk to our Gaming Board chairman, Judge Aaron Jaffe, because there are serious shortcomings in this law when it comes to hon-

esty and integrity. ... I don't think any person with common sense, looking at the legislation today, would say that it has sufficient protections for the public. It's great for gamblers and gaming interests, but it's not, in my opinion, strong enough when it comes to protecting the public, and the people of Illinois come first. No mayor, no politician, no gambling racetrack owner or gambling casino owner is going to put themselves before the people of Illinois as long as I'm governor."

Tuesday's Tribune had reported Emanuel's plans for spending proceeds from a Chicago casino to renew the city's infrastructure of schools, roads and public transit.

He suggests that these projects would

create 15,000 to 20,000 jobs.

Everyone wants to see those jobs materialize.

Like Emanuel, we support licensing of a Chicago casino that could fund them. Quinn has indicated he, too, wants a casino here.

But the history of legalized gambling in Illinois has largely been written by politicians who could see only dollar signs. On several occasions, Gaming Board regulators have rescued the integrity and reputation of the casino industry statewide by clamping down on actual or potential wrongdoing.

Because of that strong enforcement record, Illinois today has a scandal-free gambling industry that produces consider-

able tax revenue.

Gov. Quinn, keeping that industry clean is up to you and the Gaming Board. On Sunday we offered you a way to redirect this expansion:

- Call for repeal of legal video gambling.
- Reject changes to a regulatory scheme that has protected Illinois for two decades.
- Accept only a new Chicago casino plus gambling at racetracks — already destinations for bettors.

You were correct Tuesday, Governor. This bill is a mess.

And you shouldn't let anyone — legislators, union officials, gambling executives, mayors — ask you to risk the honesty of the Illinois casino industry or the revenue it produces.