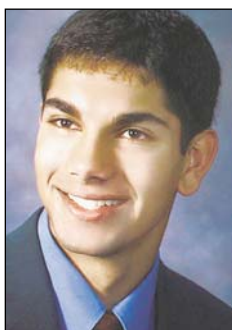


# Money & BUSINESS

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THE WALL STREET JOURNAL SUNDAY

► Energy woes  
► The price of being a parent

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Sunday, October 31 • Section **D**

Interest in “consumer-driven” health plans is exploding among employers, but skeptics say the plans draw mainly the healthy and wealthy.

### Start saving

The No. 1 tip for next year's health coverage: Set aside more money. Traditional plans are adding deductibles and increasing premiums and co-payments. The new plans typically require employees to pay at least part of \$1,000 to \$4,000 in front-end deductibles each year.

### More information

<http://www.minnesotahealthinfo.org>  
<http://www.mnhealthcare.org> (goes online in November)

# Medicine's new menu

By H.J. Cummins  
Star Tribune Staff Writer

Four-star hospitals? Thumbs up or down on medical clinics? MRIs listed from “\$” to “\$\$\$”?

One of the biggest challenges for the hot, new “consumer-driven” health plans might be delivering them without looking like a restaurant review.

Minnesotans heading into benefits-enrollment season will be hearing a lot about these plans, a radical new design promoted as the way to cheaper and better health coverage. Although a tiny percentage of Americans are covered by them now — estimates put it at 2 to 5 percent — employer interest has exploded, insurers report.

Many Minnesota companies are adding the option for the first time for 2005. Others are just waiting for federal regulators to clarify a few rules. That means working Minnesotans who don't see them now will probably see them within the next few years.

The push is to turn people into careful health care consumers — partly by letting them keep a chunk of unspent money.

Central to the process are informed patients who can navigate through cost and quality reports — some with stars and color coding — on drugs, clinics, hospitals and procedures such as MRIs.

Plan advocates say managed care has failed, that Americans won't pay attention to health care costs as long as all they see is a \$10 co-pay for doctor visits and prescriptions. They say employers can't go on absorbing double-digit cost increases every year in their company plans.

### CHOICE continues on D3:

— Most get doctor recommendations from family and friends.  
— Three of five Americans covered by employer-sponsored plans.

**Healthcare café**  
Cooking up creative insurance since 2004

- Flexible spending account**  
These hold pre-tax dollars deposited by employees, usually through regular payroll deductions. Amounts typically run between \$2,000 and \$4,000 a year. Employers also can contribute, but few do. Employees then can pay their medical bills with the money. The main complaint is the “use it or lose it” rule: The employee loses any unspent balance at the end of each year. **Price: Whatever you contribute**
- Managed care plan**  
Coverage comes through monthly fees, often shared by employer and employee: 70 to 80 percent employer, 20 to 30 percent employee. Beyond that, office visits and prescription drugs usually carry a co-payment of at least \$10 to \$20. Patients typically need to stay within a network of doctors approved by their plans. **Price: Limited choice, copays, monthly premlums**
- Indemnity plan**  
Patients have unlimited choice of doctors. Some have an initial deductible. Otherwise, all medical costs are split between the employer and employee, commonly 80-percent to 20-percent. **Price: No upper limit on cost**
- Health Reimbursement Arrangement (HRA)**  
Employers buy a high-deductible health plan. They also put money into an HRA account for each employee, which can pay any out-of-pocket medical costs or apply toward the employee's deductible. Some or all of any unspent balance can roll over into the next year. HRAs are not portable from employer to employer. **Price: Not portable, high deductible**
- Health Savings Account (HSA)**  
Employees are covered by a high-deductible health plan. They also have their own HSA account — typically \$1,000 to \$4,000 split between the business and the employee — which can pay for out-of-pocket medical costs or apply toward the employee's deductible. Any unspent balances can roll over into future years. HSAs are portable. **Price: High deductible**

All plans prepared with cost-control in mind  
Only HSAs available for carry out  
No substitutions or exceptions

## Citigroup admits it crippled a fund

Ever since the mutual fund industry first got nailed for allowing improper trades, investors have been left with the nagging suspicion that someone really got hurt.

Managers and regulators said the harm was insignificant, a few pennies per thousands of dollars. Settlements have included big fines but minimal restitution.

But everyone suspected there had to be cases where rapid-fire trading led to much bigger performance woes. Simple mathematics sug-

gested that the impact of improper trading had the potential to devastate a tiny fund.

The proof came last week, when Citigroup Asset Management, or CAM, filed an amendment to a prospec-

tus to liquidate the Salomon Brothers International Equity fund, effective Dec. 3. The fund has about \$5 million in assets and never got much bigger than about \$10 million. With miserable performance, it would have died unnoticed if not for an unusual item at the end of the closing notice.

“Citigroup Asset Management has decided that, following liquidation of the Fund, it will make certain voluntary payments to Fund shareholders to address CAM's dissatisfaction with the performance and operation of the Fund due, in part, to large cash flows that caused periods during which large cash positions were maintained in the Fund as a result of which the Fund's assets were underinvested in international securities.”

**JAFFE continues on D4:**  
— Nearly complete restitution.



Associated Press  
Ducks wait to be killed at a farm north of Bangkok amid fears of a resurgence in the bird flu.

## The outlook in Northfield: partly cloudy



MICHELLE SIREK  
AGE 23

“I've applied to 30 or 40 different places. ... Money has been tight and rent's expensive. I try to think positively about everything, but it's really stressful with the economy.”

Bruce Bisping/Star Tribune

Consumer confidence in this college town, and nationally, has been on the wane recently.

By John Reinan  
Star Tribune Staff Writer

NORTHFIELD, MINN. — Years ago, this small city welcomed visitors with a sign proclaiming itself the home of “colleges, cows and contentment.”

The colleges — St. Olaf and Carleton — remain. But the cows are losing ground as Northfield is drawn into the orbit of the Twin Cities. Contentment appears to be in short supply these days, too, according to nearly two dozen local residents who shared their opinions on the economy last week.

They spoke of lost jobs, worries about health insurance and plans to nurse an old furnace through one more winter.

Gayle Peterson, a nanny, said her field is a good barometer of the economy's health.

“When other people aren't working, I'm not working,” said Peterson, 36, window-shopping on Division Street downtown with her 6-month-old son, Micah. She has been looking for work for three months, has registered with two nanny agencies and still hasn't gotten a whiff of a job.

“I don't spend \$4 on a cup of coffee anymore,” she said. “I make more food at home. My car's not working and I can't afford to get it fixed. I will find a job, but I'm discouraged that it's taking so long.”

The most recent national survey of consumer confidence by the Conference Board showed that consumers are more pessimistic than they've been since late winter. Although higher than a year ago, the organization's confidence numbers have dropped for three straight months.

### CONFIDENCE continues on D4:

— Some remain optimistic, note economic growth.

### Fighting the flu

Cargill, through its chicken-processing business, finds itself on the front lines in the fight against avian influenza. It's a matter of both health and money. **Coming Monday in Business Insider.**