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INSIDER ACTION: DANIEL LEE

Health insurance CEOs feast on exec pay

Executives at WellPoint have enjoyed a cornucopia of compensation in recent years.

The wealth came as the new WellPoint, headquartered on Monument Circle, was created from the \$20.8 billion merger of Anthem of Indiana and WellPoint Health Networks of California.

Since then, 31 current and former WellPoint insiders have sold more than \$500 million worth of company stock, according to insider trading data tracked by Thomson Financial. Those sales, along with exercising stock options, have given those insiders gains well in excess of \$150 million.

WellPoint, of course, is not alone in impressive paydays. In fact, the insurer ranks well behind some rivals, according to a two-year snapshot of CEO pay.

From 2004 to 2005, WellPoint Chief Executive Larry Glasscock made \$14.12 million in total realized compensation (salary, bonus, restricted-stock awards, long-term incentive payouts, stock-option gains and other compensation), according to Equilar Inc., a compensation research firm.

That compares with:

\$135.47 million for William McGuire, UnitedHealth Group CEO. (He resigned amid a scandal over the timing of stock-option grants.)

\$57.49 million for John Rowe of Aetna.

\$42.13 million for Edward Hanway of Cigna.

\$5.71 million for Michael McCallister of Humana.

Glasscock was the only one of the five executives to exercise no stock options over that time. Since July, however, Glasscock has gained \$7.18 million from cashing in stock options.

WellPoint, which provides health insurance to more than 34 million people nationwide, says its executive compensation policies are designed to recruit and retain top talent in a competitive marketplace.

Company spokesman Jim Kappel said those executives help WellPoint in "delivering more benefit to its members than ever before while helping to hold down the rising costs of health care."

He cited initiatives such as disease management to help those with chronic conditions, including diabetes or asthma, take better care of themselves. The company said the programs save an average of \$3,500 a year for each patient enrolled.

But executive compensation is an easy target for critics because it grows as the cost of health insurance spirals ever higher. A survey by advocacy group Families USA found annual premiums for family coverage in Indiana rose almost 77 percent from 2000 to 2006.

Many blame Big Business. A survey of 1,201 adults by ABC News, Kaiser Family Foundation and USA Today found 50 percent named excessive profits by drug and insurance companies as "one of the biggest factors" in rising costs. WellPoint attributes rising costs to increased use of the health-care system.

One thing's for sure. WellPoint and its rivals sit at the intersection of two thorny national issues: executive pay and health-care costs.

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