H.M.O.’s Seek Larger Premiums, Raising New Debate Over Efficacy of Managed Care

Continued From Page 1

New York State Health Commissioner, referring to the giant electronics retailer that declared bankruptcy in September, "You had to get a TV at dirt-cheap prices. They go into bankruptcy. Believe me, the started the trend. And that's the way it's going on."

As the rates for commercial policies rise, a debate is beginning in New York's insurance industry. What price is the right price for managed care?

John Calagna, a spokesman for the State Insurance Department, said that regulators would carefully study the increased rates in coming months. The department often issues guidelines on rates, but Mr. Calagna echoed Dr. DeBuono in saying that companies had kept rates low for so long that some might need increases to stay afloat.

"It doesn't make sense if people can't afford the coverage," he said. "And it doesn't make sense if the companies can't pay the claims. It's a balancing act."