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From: Davis, Steven [SDavis@STRADLEY.COM]
Sent: Wednesday, November 20, 2013 12:33 PM
To: Bybee, Cressinda
Cc: David L. Harbaugh (dharbaugh@morganlewis.com)
Subject: Independence Blue Cross Form A Filing -- Response to Public Comment received from Ms. Connie Briggs
Attachments: 1859728_1.PDF

Ms. Bybee: I am forwarding herewith a .pdf copy of the above-referenced public comment response. I understand you will forward this to Ms. Briggs. If you have any questions or would like this document in a different format, please do not hesitate to contact me or Dave Harbaugh. Thank you for your attention to this matter.

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Response of Independence Blue Cross to
Comment of Ms. Connie Briggs, Dated November 20, 2013

Independence Blue Cross is responding to the comment from Ms. Connie Briggs dated October 6, 2013. The comment is numbered as Document 0012 on the Independence Blue Cross (IBC) Log page of the Pennsylvania Insurance Department website.

Ms. Briggs asks the Department to analyze how the proposed holding company redesign may impact IBC's mission as a nonprofit organization and its efforts to pay for medical care for those with preexisting conditions. Our mission is and always has been to enhance the health and wellness of the people and communities we serve. We remain committed to this mission. We have been in the Philadelphia region for 75 years and have *always* offered health plans to everyone, regardless of their health or whether they have pre-existing medical conditions. Similar to this practice throughout our history, the Patient Protection and Affordable Care Act ("Affordable Care Act") requires all health insurers who provide individual coverage throughout the United States to accept all people, regardless of their health or whether they have pre-existing medical conditions, and the law also provides certain lower income individuals subsidies to purchase coverage.

Ms. Briggs also questions IBC's coverage for preventive care. While we have historically offered preventive care in our health plans, under the Affordable Care Act, small group and individual health plans must offer a core set of essential health benefits, beginning in 2014. This includes preventive, wellness, and disease management services. In addition, there are no lifetime limits on the amount health plan spends on these essential health benefits services for individuals or their families. In addition, insurers will cover 100 percent of the cost of many preventive services, such as wellness visits, immunizations, and screenings for cancer and other diseases when an individual uses an in-network provider. That means individuals will not pay any deductible, copayments, or co-insurance for many preventive services that can help them stay healthy.

Ms. Briggs expresses her concerns about rate changes and high deductible health plans. Under the Affordable Care Act, new rating rules require that starting in 2014 insurers base their rates on age, family size, geography, and tobacco use. The new law also includes protections on out-of-pocket maximums, so whether an individual chooses an HMO, PPO or a high deductible health plan, the customer will not pay more than the out-of-pocket maximum for each health plan. The law sets the estimated standard out-of-pocket max for 2014 at \$6,350 for individuals and \$12,700 for families.

Ms. Briggs also questions how Pennsylvanians will benefit from IBC's tax status after the company's proposed redesign. We wish to point out that our company is neither a charity nor tax exempt like certain other non-profit organizations. We pay federal, state, and local taxes. In 2012 alone, we paid more than \$250 million in federal, state, and local taxes, including \$34 million in state premium taxes. As we have stated, the proposed redesign of our corporate structure is expected to produce operational and administrative efficiencies, which in turn, will support existing and new lines of business and allow the company to respond more quickly to new market opportunities presented by the Affordable Care Act – all of which should allow us to continue lowering costs and increasing the access to and quality of healthcare in the region.

Ms. Briggs also questions whether more of IBC's profits should be used to pay for medical care. Last year, we spent 83.9 cents of each premium dollar to pay for our customers' health care. Over the last five years, IBC has averaged 1.8 percent margin, including two years of losses. We use this income to respond to our customers' needs for new products and services, comply with legal requirements and regulations, continually improve our customer service, invest in technology and innovation, and support initiatives that fulfill our mission by enhancing health and wellness of the people and communities we serve.

IBC would like to thank Ms. Briggs for her inquiry.