

**Bybee, Cressinda**

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**From:** Davis, Steven [SDavis@STRADLEY.COM]  
**Sent:** Friday, September 27, 2013 5:16 PM  
**To:** Bybee, Cressinda  
**Cc:** David L. Harbaugh (dharbaugh@morganlewis.com); Davis, Steven  
**Subject:** Independence Blue Cross Form A Filing: Response to Public Comment Received From Connie Briggs  
**Attachments:** Response Briggs FINAL.PDF

Ms. Bybee: I am forwarding herewith a .pdf copy of the above-referenced public comment response. 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 September 27, 2013

Independence Blue Cross is responding to the comment from Ms. Connie Briggs dated August 18, 2013. The comment is numbered as Document 0008 on the Independence Blue Cross (IBC) Log page of the Pennsylvania Insurance Department website.

Ms. Briggs expressed concerns that the proposed redesign of the corporate structure of Independence Blue Cross might lessen competition, decrease transparency, and make health care inaccessible. IBC appreciates Ms. Briggs comments and values her as a member.

In direct response to Ms. Briggs letter, we do not believe that the proposed redesign will have an adverse impact on customers. Rather, we believe it will benefit our customers by making IBC more competitive and improving transparency.

IBC strongly believes that competition is good – it sharpens the company’s focus and makes us better at what we do. The proposed redesign of IBC’s corporate structure will give us increased flexibility, speed, and efficiency to respond to our customers’ needs and the regulatory and competitive environment. Beyond that, little else will change because of the redesign. The stiff competition IBC faces in this market from national insurers will continue. The proposed redesign will allow us to operate more efficiently.

Ms. Briggs raises concerns about transparency and IBC’s status as a non-profit. IBC is committed to transparency. We file all financial reports required by the Pennsylvania Insurance Department, make public our financial results each year, and prepare and make public an annual report. We are also committed to remaining a non-profit. Under the corporate redesign, IBC will remain a nonprofit, taxpaying corporation. In 2012, IBC had a margin of 1.8 percent, and our average margin over five years is 1.1 percent. Unlike publicly traded health insurance companies, IBC does not use net income to pay dividends to stockholders. Rather, it is used to respond to customers’ needs for new products and services, comply with new legal requirements and regulations, continually improve the already high level of customer service, invest in technology and innovation, and support initiatives to enhance the health of the community. It’s also important to note that IBC is not tax exempt. The company pays federal, state and local taxes. In 2012 IBC paid more than \$250 million in federal, state, and local taxes, including \$34 million in state premium taxes.

IBC supports enhanced accessibility to health care. As Ms. Briggs observes, the company’s mission is “enhancing the health and wellness of the people and communities we serve,” and we pledge to remain committed to this mission. IBC has been in the Philadelphia region for 75 years offering health plans to everyone and is the most trusted health insurer in this market. IBC has always offered health plans to all, regardless of their health. Under the Affordable Care Act, all health insurers who provide individual coverage in Pennsylvania will be required to accept all people, regardless of medical condition – something IBC been doing for decades. Because of this, Ms. Briggs and all consumers in our market will have greater choice among health plans beginning in 2014. The proposed new corporate structure would allow IBC to continue increasing the quality and lowering the cost of care – ultimately transforming health care in the region.

There have been enormous changes in health care since IBC’s founding 75 years ago. We believe it is critical to redesign our corporate structure to best serve our community and our customers. To fulfill its mission, IBC needs the flexibility to rapidly respond to the fast-changing health care environment and customers’ needs. The proposed corporate redesign will help IBC to accomplish this.

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