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Bybee, Cressinda

From: Bybee, Cressinda
Sent: Tuesday, August 27, 2013 9:33 AM
To: 'dharbaugh@morganlewis.com'
Subject: Independence Blue Cross Form A Filing: Public Comment Received From Connie Briggs

Mr. Harbaugh:

The attached public comment concerning the subject filing is being forwarded to you for appropriate response.

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From: Connie Briggs [mailto:conniebriggs@comcast.net]
Sent: Sunday, August 18, 2013 4:45 AM
To: Bybee, Cressinda
Subject: Re: Application by Independence Blue Cross for Approval to Restructure Its Insurance Holding Company System, [43 Pa.B. 4682], [Saturday, August 10, 2013]

To: Cressinda Bybee, Company Licensing Division, Insurance Department, 1345 Strawberry Square, Harrisburg, PA 17120

Re: My comments to address the Application by Independence Blue Cross for Approval to Restructure Its Insurance Holding Company System, [43 Pa.B. 4682], [Saturday, August 10, 2013]

Dear Ms. Bybee, PA Insurance Department:

I am writing to you as a longtime Independence Blue Cross (IBC) subscriber. I am concerned that IBC's Plan of Division may not serve its subscribers' best interests. I see that this Plan of Division reflects the nonprofit IBC's relationship with its for-profit subsidiaries. Recently, IBC's need for profits has been in conflict with the health and wellness of subscribers who need medical care. If the Plan of Division harms subscribers further, then it should be discouraged. Potential harm may be done through making health care inaccessible to those who need it, lessening transparency, lessening IBC's competition in the PA insurance market and creating discrimination on the basis of age and disability.

The nonprofit IBC's Mission statement is "Enhancing the health and wellness of the people and communities we serve." To maintain its nonprofit status, it must follow its mission. However, maintaining a nonprofit path may be a challenge, since IBC's for-profit subsidiaries want to make profits and not pay for subscribers' medical care. This conflict should be brought to light, because people who need medical care are being priced out of getting it. IBC should be doing more for its subscribers, but its behavior has been to favor the success of its for-profit subsidiaries at the expense of its subscribers. If this Plan of Division further harms IBC subscribers, it should be discouraged.

In addition to its conflicts in paying for medical care, IBC has been behaving like a for-profit in other ways, too. IBC has not exhibited transparency, the hallmark of any great nonprofit. When recently asked how they calculated the MLR (medical loss ratio) for individual plans, they pointed me to the information about how the calculation is done and the formula, but not specifically how they calculated it. This lack of transparency is disturbing. The amounts of money they spend on advertising alone (we can only guess) on SEPTA trains and busses, on every radio station (WOGL, WMGK, WHYY, KYW, etc...) and almost all local TV stations NBC10, CBS, PHL17 and Phillies games (right behind Toyota and other big money advertisers) should be a red flag that they should spend less money on overhead costs and more on

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subscribers' medical care. But IBC is not making these costs known to us. If IBC's Plan of Division will not enhance IBC's transparency, then it should be discouraged.

Lack of competition has been bad for IBC's subscribers. It is disturbing that IBC does not even pretend that it delivers good products to its subscribers who need medical care. In its new plans, IBC does not include as many preventive care tests as in older plans (as mandated in older plans by the Affordable Care Act). Copays and deductibles are set high for people with pre-existing conditions. Insurance plans are often misleading and not comprehensive enough. Only competition can alleviate this problem. Since IBC has a lack of competition in the Southeastern Pennsylvania area (it holds a major part of the market share) it does not have to care about sick people. I ask you to look no further than its 2012 Annual Report. The images say it all: IBC only wants to attract young, healthy people and keep them healthy. However, most people will need medical care, even if they live the healthiest lives possible. Pennsylvanians need companies to provide insurance to help them pay for medical care when they need it. Subscribers cannot "Live Fearless" just because they can find a doctor in IBC's network. People with \$5,000 deductibles cannot live fearlessly! If this Plan of Division lessens competition in the insurance marketplace, this plan of division should be discouraged.

Many of IBC's baby boomer subscribers are getting older and need more medical care. Pre-existing conditions correlate with getting older. Aging subscribers observe their premiums increase with age, while they also see higher and higher out-of-pocket costs, even after they have paid into IBC during their healthier, younger years. If this is not age-discrimination, then what is? Nonprofits should not discriminate on the basis of age. Nonprofits also should not discriminate on the basis of disability either (pre-existing conditions). If this Plan of Division will not lessen discrimination on the basis of age and disability, this Plan of Division should be discouraged.

If this plan of division leads to higher deductibles, premiums and copays, leading to less accessibility to medical care for its subscribers, this Plan of Division should be discouraged. By imposing high deductibles/copays (my deductible is \$5,000 per year) for people with pre-existing conditions, IBC has been making record profits in the hundreds of millions since 2010 and spending less of its total income on medical claims. In turn, people who need medical care have been priced out of affording it (a common practice for for-profits, according to Wendell Potter, author of Deadly Spin). IBC has more than enough money in its reserves to cover its losses if many subscribers get ill. Some of these profits could be used to make medical care more affordable to subscribers again. However, this is not happening. IBC blames the economy for lower claims payouts, but higher deductibles and copays discourage people from seeking care. This is not only bad for subscribers, but is also bad for the healthcare industry in Pennsylvania. Many subscribers will put off checkups or having a tests done that might save their lives. Subscribers who need a single expensive test or surgery cannot afford an extra \$5,000 per year after spending thousands on premiums. People will tend to delay getting tests or checkups when early intervention could prevent more serious illnesses. Thus, IBC is not following its mission for the health and wellness of many of its over 7 million subscribers. This may lead to more people suffering needlessly. I have worked for nonprofits and expect more from them. Maybe IBC's nonprofit status should be evaluated.

Thank you for your attention to protect the health care providers and not just insurers, to define what a nonprofit should be and, most importantly, to provide for subscribers who need medical care in Pennsylvania.

Connie Briggs
Individual IBC subscriber
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