

Bybee, Cressinda

From: Bybee, Cressinda
Sent: Tuesday, December 03, 2013 1:11 PM
To: 'Harbaugh, David L.'; 'Davis, Steven'
Subject: IBC Form A Filing - comment
Attachments: ProfitMarginForInsuranceCompanies.pdf; BriggsComment3toIBCResponse2.pdf

Messrs. Harbaugh and Davis:

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

Cressinda E. Bybee | PIR | Senior Insurance Company Licensing Specialist
 Insurance Department | Bureau of Company Licensing and Financial Analysis
 1345 Strawberry Square | Hbg, PA 17120
 Phone: 717.783.2144 | Fax: 717. 787.8557
www.insurance.pa.gov | www.chipcoverspakids.com

From: Connie Briggs [mailto:conniebriggs@comcast.net]
Sent: Sunday, December 01, 2013 1:07 PM
To: Bybee, Cressinda
Subject: Re: Comment by Connie Briggs in response to comment by Independence Blue Cross for Approval to Restructure Its Insurance Holding Company System, [43 Pa.B. 4682], [Saturday, August 10, 2013]

Hi Ms. Bybee:

If you still allow responses, please see attached and the content pasted below. I also cite 1 article and have attached a .pdf of that article from the website link within my response.

The attached contains the following text:

Response of Connie Briggs to Comment of Independence Blue Cross, dated November 30, 2013

Connie Briggs is responding to the comment (Document 0012 from Independence Blue Cross, dated November 20, 2013 on the Independence Blue Cross (IBC) Log page of the Pennsylvania Insurance Department website). Independence Blue Cross' response is in black text with quotes. Ms. Briggs response to IBC's response is in blue text.

"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 a/ways 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."

I am not disputing that IBC has always offered me a guaranteed-issue plan, but that they have NOT always offered an AFFORDABLE and COMPREHENSIVE plan, only LIMITED and EXPENSIVE CHOICES. In 2010 and 2011, IBC increased my plan premium from \$330 to \$536 per month simply because I turned 50 years old, and also due to a third year of 9.9% annual increases, which I had paid since 2008. They also increased my deductible from \$500 to \$5,000 (10X!!!) within that timeframe. Yes, they offered me a plan—but an UNAFFORDABLE PLAN with NO OTHER OPTION costing \$6,500/year with a \$5,000 deductible: soon I would not be able to afford this

insurance after another 9.9% increase as well as pay for any needed medical care. In 2010, they would have offered me Hospital Care Plans, but these plans were underinsurance (not comprehensive plans, underinsurance).

“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.”

It is possible that IBC's new plans for 2014 will improve the preventive care over that of my current plan, the HSA PPO 5000. However, IBC must regain any trust that I had for it before 2007. My former high-priced plan (the only plan IBC would offer me in 2011 guaranteed issue HSA PPO 5000 plan at \$536/month) did have one good feature: the plan did include an acceptable preventive care package as was required by the ACA. Screenings for diabetes, thyroid problems metabolic, lipid, kidney, liver, blood and other disorders and many other important yearly screenings were covered at 100% with no copays or deductible. However, my more-affordable newer HSA PPO 5000 plan that IBC offered me in 2011 does not include much preventive care: only a yearly mammogram, 6 nutrition counseling visits/year, a yearly routine gynecological exam/PAP test and pediatric immunizations (N/A). If IBC were serious about its members' health, they would continue to cover more preventive care, not restrict it. Now the ACA says IBC MUST include preventive care, but before the ACA law went into effect, IBC chose to decrease preventive care benefits for new plans for 2012-2013.

“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.”

The ACA will improve subscribers' overall coverage in 2014, but the ACA-imposed \$6,350 out-of-pocket maximum will cause people to procrastinate—to put off care which could save or improve their lives. Since IBC is “nonprofit” it could leverage its nonprofit tax and other advantages to offer subscribers lower deductibles and better products than everyone else. If IBC could offer better products with lower deductibles, IBC would not need to spend so much on so many TV, radio and ads on busses, trains, sports games and billboards. Pennsylvanians don't need another reason (out-of-pocket costs) to put off seeking disease early detection and medical treatment. Pennsylvania's health care industry will not benefit from high deductibles because people will not seek care that they should get if they have to pay out-of-pocket. IBC could do more to help Pennsylvanians, but its own goals are in conflict with those of its subscribers, who want comprehensive and affordable medical care. IBC's agenda to maximize profits is also in conflict with the goals of PA's health care infrastructure/industry: to provide medical care payouts to those who need it.

“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 towering costs and increasing the access to and quality of healthcare in the region.”

This nonprofit should first serve its subscribers/members. The fact that IBC pays state taxes and creates jobs in PA should not conflict with its first duty: its duty to its subscribers. IBC's mission statement is absurd: IBC should ensure the health and wellness of its subscribers, not the vague community-at-large. IBC should not be proud that it takes money away from serving its subscribers to pay taxes. Of course mentioning this fact may help IBC through this state review to gain points with state regulators (because it pays taxes), but not its

subscribers. IBC may pay taxes, but if people have high deductibles, they will probably not seek out care that would improve their lives. Insurers benefit if people use less medical care, but PA's health care industry (and jobs) will probably suffer and Pennsylvanians' health will suffer as well. The role of so many for-profit subsidiaries in IBC's company means someone is making a profit at the expense of IBC's subscribers. By limiting health care, IBC's for-profit subsidiaries make higher profits.

"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."

In the 1990's most insurers spent over 90 cents of each premium dollar on members' care. IBC should not mention this statistic now, because currently it spends so much less on care and more on administrative, executive salaries, advertising and other costs. As for the 1.8 percent margin, aside from the fact that this small percentage of hundreds of billions of dollars is still a lot of money, this statistic is a misleading indicator of actual profits (<http://www.iedc-consulting.com/profit-margin-for-health-insurance-companies/>). By playing numbers games and choosing what to categorize as expenses, this number can be manipulated to be kept low, even though profits are high. Use of margins as indicators of low profits is a deceptive and misleading indicator of how well a company is doing.

I thank IBC for its responses, but I would like to see IBC's goals align better with those of its subscribers and those of the health care industry and health providers of Pennsylvania. IBC has a for-profit component: its for-profit subsidiaries. Since IBC does gain advantages stemming from its nonprofit status, I would like to see it use its nonprofit status to compete better with for-profit insurers by providing BETTER products for its subscribers than the for-profit competition. However, providing better products for subscribers must be in conflict with the goals of its for-profit subsidiaries. How this Plan of Division would make things worse for Pennsylvanians is a focus of this review. I hope that the PA Insurance Department will understand the forces operating here and will protect Pennsylvanians as well as PA's medical industry from unanticipated consequences from this Plan of Division.

I thank everyone involved for their attention to work together to keep PA's health care industry healthy, as well as to provide Pennsylvanians with high-quality and affordable medical care in the coming years.

Thank you.

Connie Briggs
Individual IBC subscriber
2953 Susquehanna Rd.
Abington, PA 19001
267-626-4437

----- Original Message -----

From: [Bybee, Cressinda](#)

To: 'Connie Briggs'

Sent: Thursday, November 21, 2013 12:30 PM

Subject: RE: Comment by Connie Briggs in response to comment by Independence Blue Cross for Approval to Restructure Its Insurance Holding Company System, [43 Pa.B. 4682], [Saturday, August 10, 2013]

Ms. Briggs – IBC has submitted a response to your public comment. See document 0020 at:
http://www.portal.state.pa.us/portal/server.pt/community/industry_activity/9276/ibc_filing_-_public_comments_and_responses/1567658

Thank you,
Cris Bybee

Cressinda E. Bybee | PIR | Senior Insurance Company Licensing Specialist
Insurance Department | Bureau of Company Licensing and Financial Analysis
1345 Strawberry Square | Hbg, PA 17120
Phone: 717.783.2144 | Fax: 717. 787.8557
www.insurance.pa.gov | www.chipcoverspakids.com

From: Connie Briggs [<mailto:conniebriggs@comcast.net>]
Sent: Tuesday, November 12, 2013 9:30 AM
To: Bybee, Cressinda
Subject: Re: Comment by Connie Briggs in response to comment by Independence Blue Cross for Approval to Restructure Its Insurance Holding Company System, [43 Pa.B. 4682], [Saturday, August 10, 2013]

Thanks again.

----- Original Message -----

From: Bybee, Cressinda
To: 'Connie Briggs'
Sent: Tuesday, November 12, 2013 9:17 AM
Subject: RE: Comment by Connie Briggs in response to comment by Independence Blue Cross for Approval to Restructure Its Insurance Holding Company System, [43 Pa.B. 4682], [Saturday, August 10, 2013]

Ms. Briggs:

The application is still under Department review. All public documents (to include a final decision from the Department) will be posted on the Department's web site at:

http://www.portal.state.pa.us/portal/server.pt/community/industry_activity/9276/ibc_filing_-_cumulative_log/1567620

Thank you,

Cris Bybee

Cressinda E. Bybee | PIR | Senior Insurance Company Licensing Specialist
Insurance Department | Bureau of Company Licensing and Financial Analysis
1345 Strawberry Square | Hbg, PA 17120
Phone: 717.783.2144 | Fax: 717. 787.8557
www.insurance.pa.gov | www.chipcoverspakids.com

From: Connie Briggs [<mailto:conniebriggs@comcast.net>]
Sent: Monday, November 11, 2013 9:30 AM
To: Bybee, Cressinda
Subject: Fw: Comment by Connie Briggs in response to comment by Independence Blue Cross for Approval to Restructure Its Insurance Holding Company System, [43 Pa.B. 4682], [Saturday, August 10, 2013]

Dear Ms. Bybee:
Thank you for posting my comments regarding this issue (subject line).

Where can/will I find the information regarding the outcome of the review of IBC's application to your agency for the Plan of Division?
Thank you.

Connie Briggs 2953 Susquehanna Rd.
Abington, PA 19001
267-626-4437

----- Original Message -----

From: Connie Briggs

To: cbybee@pa.gov

Sent: Sunday, October 06, 2013 7:45 PM

Subject: Comment by Connie Briggs in response to comment 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: 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:

This is my response to IBC for its response to my initial comments.

My concerns are still twofold:

1. That a Plan of Division will allow IBC to behave more and more like a for-profit company, where making profits conflicts with paying for medical care for those who need care;
2. As a nonprofit, shouldn't IBC lower deductibles and include some doctors' visits and preventive care in all of its plans? What are Pennsylvanians getting in return for allowing IBC to pay less in taxes? Will the Plan of Division allow IBC to pay LESS in taxes than it does now?

Recently IBC has not been the same company that it was in its first 70 years. It is not the same good company that helped me, while a student, get bilateral hip replacements due to a congenital condition in 1988. It is not the same good company that helped my family cope with my mother's lung cancer care in 2004. Since I have a pre-existing condition, I had to get IBC's guaranteed individual plan and had no other choices, having been turned down by other insurers because of my hip replacements. IBC increased my plan premium by the maximum 9.9% per year in 3 of 4 years between 2009 and 2013, even as its profits soared and payouts of claims decreased.

IBC has been doing other very disturbing things recently, including raising my deductible 10-fold in 2011, from \$500 to \$5,000, and in 2011 raising my premiums from \$3,600 to \$6,500. Something has changed within IBC, and subscribers with pre-existing conditions are getting less and less each year. **Since no other PA nonprofits have the infrastructure and resources to provide funding for subscribers' medical care, IBC should fill that void. IBC should help all of its Pennsylvania subscribers get AFFORDABLE care.** As a subscriber with few choices, I ask the PA Insurance Department to convince IBC to use more of its nonprofit resources to lower premiums and deductibles and provide more to its subscribers. IBC is getting further and further from a mission statement that Pennsylvanians need: to help people get affordable, high-quality medical care.

I ask the PA Insurance Department to assess whether this Plan of Division will affect IBC's behavior as a nonprofit. If this Plan of Division causes IBC to behave even more like a for-profit, then it should be discouraged. IBC's response to my first comments speaks volumes in its lack of attention to my concerns regarding discrimination based on age and disability, as well as its lack of comment on my request to see the MLR for the individual market (to demonstrate transparency). While IBC does not turn anyone away from getting coverage, IBC has charged unaffordable premiums or imposed high deductibles, and people often CANNOT AFFORD the plans it offers or associated out-of-pocket costs. Because of the higher costs passed to subscribers, subscribers have been seeking less care and IBC has fewer payouts and makes more money. As for the MLR, if there is nothing to hide, why not let subscribers see the calculations?

To address its comment that IBC welcomes competition and thinks it has adequate competition, I direct readers to the website which refutes that assertion: <http://www.feeling-blue.org/states/pa/providers/7> or to the attached FeelingBlue.pdf. There it states: "From 2005 to 2011, Independence Blue Cross' surplus grew by 58%... Since 2008, IBC has seen steady increases in surplus, yet their

member enrollment has dropped each year along the same time frame. With nearly 70% market share in their region, IBC has significant control, making it difficult for other health plans to compete. Furthermore, IBC has come under scrutiny in the last few years over "anticompetitive or unfair trade practices" ([Philadelphia Business Journal](#))."

IBC has the resources to do more for its vulnerable subscribers, since it has been making record profits: IBC's profits rose 49% in 2012! **IBC should use these profits to help its subscribers with pre-existing conditions get lower deductible plans. It should include doctors' visits in the plans as well, as well as more preventive care.** Please see website http://articles.philly.com/2012-04-17/business/31355908_1_ibc-health-care-net-gain or refer to the attached document IBC-ProfitsSoared2012.pdf. In my current plan with a \$5,000 deductible, I do not even get any doctors' visits included! If IBC could decrease deductibles, expand covered services and tests, especially for preventive care, and offer lower premiums, it would serve Pennsylvanians better. **IBC's move to remove preventive care from newer plans shows IBC does not care about its subscribers. Preventive care could prevent more serious illness. IBC is not following its mission for this part of its community. Will the Plan of Division make this worse?**

Since IBC owns for-profit subsidiaries, it says it does not pay dividends out of its net income, but IBC does need to take care of the stockholders within its subsidiaries through IBC's policies of bringing in more money and paying out less. Thus, **IBC's statement that it does not pay stockholders is misleading**, since there are people in the for-profit subsidiaries within IBC who want to make profits. **Paying for sick people's care is in conflict with making profits.** Wendell Potter (Center for Public Integrity) sums it up in the attached Blue Cross, Blue Shield Get Richer by Borrowing Playbook of Corporate Insurers.pdf, as found on the website:
http://www.huffingtonpost.com/wendell-potter/nonprofit-insurers-are-de_b_885029.html

Finally, I would ask that the PA Insurance Department assess the effects of high deductible plans on the medical economy in Pennsylvania. While IBC pays some taxes, it would pay more taxes as a for-profit. What are Pennsylvanians getting in return? IBC's policies discourage people from getting care so people are not going to the doctor as often if they have to pay extra out-of-pocket expenses. People are not getting recommended tests to prevent serious illness if they cannot afford the out-of-pocket expenses. This is harmful to the economy because people are not seeking care that they need. IBC makes more money, but the medical care providers make less. IBC's new plans, while they can be cheaper, may not cover preventive care, getting around provisions of the ACA. This is very strange, since preventing serious illness can save IBC money. Preventive care could certainly prevent more expensive illness and suffering.

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
2953 Susquehanna Rd.
Abington, PA 19001
267-626-4437