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February 13, 2024

Mr. Tim Temple – Commissioner
LA Department of Insurance

BCBSLA Demutualization - A Matter of Life and Death

I am an eligible member and BCBSLA group policyholder. I strongly urge you to reject the BCBS reorganization for the following reasons.

The non-profit BCBSLA insures more Louisianans than all the other “for-profit” insurance companies in LA combined; this clearly demonstrates that BCBSLA provides a better value and outcome than the “for-profit” insurers operating in LA.

All “for-profit” corporations expect a return on investment. The 2.5B investment made by Elevance will require BCBSLA to return \$250-500 million in profit annually to Elevance. The only place for this profit to come from is increased premiums or claim denials.

BCBSLA Board and Elevance have told us that BCBSLA will be stronger financially after over \$1 billion is removed from the surplus fund (leaving reserves only slightly above the legal minimum) because they will be backed by Elevance. That is a laughable assertion. Elevance will be looking for a return on investment from BCBSLA not making further investments to prop up BCBSLA's operating budget.

Elevance has over \$25 billion of debt as well as \$25 billion in “Good Will” assets on their Balance Sheet and carries only about \$800 million in insurance reserves for 47 million insured. This is not the picture of financial strength. I prefer to keep BCBSLA as is with \$1.8 billion in reserves for 1.9 million insureds to make it through the next hurricane or natural disaster.

The most important reason of all is that Elevance has a well-documented and long history of claim denials, slow pay and no pay to Providers, massive fines by the government, and policy cancellations on cancer patients. Elevance subsidiary Caelon provides inferior out-of-date guidelines to deny needed treatment to patients like Natchitoches attorney Robert Salim. Elevance is rated lower by the Office of Medicare Services and is being sued by DOJ for Fraud.

Elevance claims to have better digital products for their insureds than BCBSLA as a reason the takeover will benefit policyholders yet they claim in testimony to the Senate Insurance Committee that hundreds of millions in late payments on multiple occasions for long periods to Providers are due to technical issues. They can't even pay their bills on time or is it they simply don't have the cash to do so?

Hospitals, Clinics, and Doctors are the primary Providers of Health services to policyholders. Let's face it, most digital products developed and offered to policyholders by health insurance companies are to reduce expenditures paid to 3rd party Providers.

Policyholders should receive 100% of the value of BCBSLA not 9%

The process for approval of the Reorganization has many shortcomings. BCBSLA and Elevance have not allowed the release of a list of voting members so that an opposing point of view may be offered to Policyholders. I have spoken to many intelligent and accomplished individuals who are unaware of the details of this Reorganization. There is the issue that each policyholder gets one vote rather than votes that are proportional to the value of the contribution to the value they add in premiums in BCBS. This allows an individual Medicare policyholder who pays \$300/ month the same voting power as a group policy with hundreds of insureds that pay \$30,000/ month. We the policyholders are depending on the Commissioner of Insurance for a fair process.

The BCBSLA board and Elevance have given no valid reasons that this Reorganization will be better for the Policyholders of BCBSLA. Every policyholder that I have spoken to who becomes fully informed on the details of the Reorganization is against it.

Few people can afford to pay for life-saving treatments when the insurance company denies payment as not medically necessary. This reorganization will truly a matter of life and death for many of the BCBSLA policyholders who will be denied needed treatment to pay for the profits of Elevance. Please disapprove this proposed Reorganization. Our lives and the lives of our loved ones may very well depend on your actions in this matter.

Thank you,

Brian Albrecht

Harvest Operating, LLC

Please see my short write-up below aimed at Policyholders / Eligible voting members that reiterates the points made above.

VOTE NO TO BCBSLA REORGANIZATION AND BUYOUT

February 2, 2024

THE PROPOSED BUYOUT OF THE NON-PROFIT BCBSLA WILL MAKE THE LOUISIANA INSURANCE CRISIS WORSE BY RAISING FUTURE HEALTH INSURANCE PREMIUMS AND REDUCING MEDICAL CLAIM PAYOUTS FOR THE 1.9 MILLION LOUISIANIANS WITH BCBS INSURANCE. POLICYHOLDERS (OWNERS) WILL RECEIVE ONLY 9% OF THE \$3.4 BILLION ESTIMATED VALUE OF BCBSLA THAT THEY ARE ENTITLED TO. THAT'S WHY THEY NEED YOUR VOTE.

Why BCBSLA Policyholders should **VOTE AGAINST** the reorganization to "**FOR PROFIT**" and buyout by Elevance

1. "THE FLEECING"

Elevance future profits (15-20% return on Investment) on its \$2.5 - 3 billion investment to acquire BCBSLA can only come from increased premiums or reduced benefit payouts (claim denials) to insureds in the years following the buyout. This will cost Louisianans & LA businesses \$300-600 million annually.

2. "THE STEAL"

Policyholders (voting members) currently own (BCBSLA) valued at \$3.4 billion (including \$1.8 billion cash surplus of paid-in premiums held by BCBSLA) but will be paid only \$300 million or \$3000 each rather than the true value of \$30,000. Much of the remaining \$1.5 billion surplus will be used for the payoff.

3. "THE PAYOFF"

Elevance / BCBS will "donate" \$3.1 billion (instead of paying the owners/policyholders full value) to a new completely unassociated and unrelated "tax-exempt social welfare" Foundation that will be run by 4 of the current BCBSLA Board of Directors and 1 member appointed by Governor Jeff Landry. This group will decide how much to pay themselves later. The remaining 7 BCBS Directors will be paid not less than \$105,000/year for 10 years to participate on an Advisory Board to Elevance. This is a gross violation of their fiduciary responsibility to BCBSLA policyholders.

4. ELEVANCE / ANTHAM LONG HISTORY OF CORPORATE MISCONDUCT & CLAIMS DENIAL

Elevance has a well-documented history of having billions of dollars of unpaid and denied claims, policy cancellations on cancer and other high-cost patients, being fined millions of dollars by governmental entities for wrongdoing, and being sued for payment by doctors' hospitals and policyholders. The U. S. DOJ currently suing Elevance for over \$100 million in Medicare Fraud. See Wikipedia!

5. NO DOCUMENTATION SUPPORTING THE CLAIMED BENEFITS OF THE BUYOUT

Elevance & BCBSLA Management claim numerous benefits of the buyout for Policyholders and Louisianans but have provided no supporting documentation, studies, or other data, to support these purely fictional claims.

6. NON-LOCAL CONTROL OF HEALTH INSURANCE ADMINISTRATION AND CLAIM PAYMENT

BCBSLA is (non-profit) Health Insurance by Louisianans for Louisianans with decisions made in LA. **After the buyout essentially all of the 3100 existing BCBSLA jobs, administrative services, and claim decisions will be moved out of LA.** Elevance is the 2nd largest for-profit health insurer in the country.

7. THE RESULT:

BCBSLA will have significantly reduced financial strength and cash reserves to pay claims according to the Rector report conducted by the LA Dept. of Insurance. There will be hundreds of millions of dollars in increased premiums and denied health claims annually for Louisiana Policyholders to pay for Profits.

Committee of BCBS Policyholders against the Buyout
Brian Albrecht