



John Fleming Louisiana State Treasurer

MY STATEMENT ON PROPOSED SALE OF BCBS LOUISIANA

I come before you today as your new State Treasurer but perhaps more importantly as a practicing physician who has spent a lifetime as a family doctor in the city of Minden, Louisiana. Like thousands of other physicians across our state, I have spent the past few weeks studying the proposed sale of Blue Cross Blue Shield of Louisiana to an out-of-state, for-profit company named Elevance.

I am perhaps uniquely qualified to speak to you today, because I am the only medical doctor in state government who serves as a statewide elected official or a member of the Legislature. In a world that seems heavily divided on almost everything, the physicians of Louisiana are overwhelmingly concerned that the proposed Blue Cross deal is very bad for our patients and must be stopped!

Perhaps the most fundamental principle of medicine is, first, do no harm!

In life, an important principle is, if it ain't broke, don't fix it! If something is working well, don't tear it down and mess it up!

The plan to sell Blue Cross is opposed by the Louisiana State Medical Society and the professional organizations for family physicians, obstetricians and gynecologists, pediatricians, eye doctors and surgeons, orthopedic doctors, psychiatrists, pain physicians, and plastic surgeons, as well as local doctor groups such as the Capital Area Medical Society, the Jefferson Parish Medical Society, the Calcasieu Parish Medical Society, the Lafayette Medical Society, the Northwest Louisiana Medical Society, and others.

But why?

We know Blue Cross has had a great record as a mutual insurance company in our state for over 100 years. Blue Cross is owned by its members and run for their benefit. Who are the members? It's ordinary people who purchase a policy. It's your local city government or school board. It's small businessmen and women who own gas stations, barber shops, and cleaners. It's the employees of companies like Wal-Mart. It's people all over Louisiana who own a piece of Blue Cross. It's their company, and it is operated for their benefit.

The folks operating Blue Cross day to day are more than 3,500 of our fellow Louisianans who live and work right here in Louisiana. They are from places like Bunkie and Homer and Denham Springs. These are the people making decisions everyday about our medical care. They live among us and have the same Blue Cross coverage and the same providers we do. Perhaps that is key to why our patients love their Blue Cross coverage and our doctors feel Blue Cross treats them fairly. Blue Cross is owned by we the people of Louisiana and managed by us!

But things are about to change dramatically if this deal passes!

Today, more than 1.9 million people in Louisiana have Blue Cross - more than half of all people with health insurance. But the Blue Cross we know and love will be gone forever, and we will never get it back. It will no longer be a mutual insurance company owned by the members. The people administering our health insurance will no longer live among us in Louisiana and have the same coverage and relationships that we have now. The underlying reason for Blue Cross' existence — providing affordable health care — will no longer exist.

Blue Cross will be owned by an out of state, publicly traded corporation. The owners will be people outside Louisiana and even outside the United States. It can be Chinese banks or Arab sheiks and probably will be. It can be a foundation from Harvard University and hedge fund investors. Their interests will be maximizing profits day in and day out and getting back the \$2.5 billion purchase price. That will make it a completely different animal from the Blue Cross we know and love.

The Senate Health and Welfare Committee and the Senate Insurance Committee held a hearing on this proposed sale Monday. The committee did an excellent job and should be commended. One of the things the senators brought out was the poor record of Elevance in paying claims and the large number of times Elevance has been found to have wrongly withheld or denied claims. This has resulted in Elevance being fined tens of millions of dollars for violating the rights of policyholders. These fines do not compensate the people who were denied medical care or even lost their lives because of the decisions made. These are the folks who will be making our healthcare decisions.

Yesterday, I had a conversation with a high level official of the Louisiana State Medical Society, and his comments on the proposed sale brought together very concisely why your doctors are so opposed to this deal.

The question I posed was, what have been the results when Elevance has taken over mutual insurance companies in other states?

Here's what he said:

Basically, nothing changes for the first two years. After that, problems do develop. Here is a list of that.

1. Jobs are absorbed or moved to a central location, not usually in the state affected.
2. Doctors notice lower (or not growing) reimbursements for their care, making it difficult to stay in practice with growing overhead costs. The company uses its tremendous buying power to force doctors to become employed by hospitals. Once employed by hospitals, doctors may be pressured to protect the institution's bottom line.
3. Patients and businesses that employ them notice that premium rate increases accelerate.
4. Patients complain that coverage for their care is too often delayed or denied altogether."

In summary, here's what we can expect if this deal goes through:

- Elevance will have to show a profit PLUS get back the \$2.5 billion it would be paying to acquire Blue Cross. That means people will be laid off and offices combined out of state. And rates will absolutely have to go up, just as they have in other states.
- Many physicians in private practice will likely be forced to become employees of large companies and much of the private practice of medicine we enjoy will be destroyed.
- Payments to doctors will be disputed, delayed, and decreased.
- Coverage of your medical bills will be decreased.
- Higher insurance premiums, less coverage, poorer quality care!

If it ain't broke, don't fix it. And for goodness sake, don't destroy our healthcare system in Louisiana!

It's a once in a lifetime decision, and we can't afford to make a mistake that cannot be corrected. Once Blue Cross is owned out of state by a for-profit company, it will never again be a mutual company owned and held accountable by the policyholders.

I would like to join my fellow physicians throughout Louisiana and our physicians' organizations in urging members of Blue Cross to vote No. Remember, if you have already voted Yes, you can call and change your vote to No!

Blue Cross is doing a good job as a mutual insurance company owned by the members. Let's keep it that way!