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## Louisiana lawmakers scrutinize Blue Cross Blue Shield acquisition by Elevance

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David Caldwell from the Louisiana Department of Insurance speaks before the Senate Health & Welfare/Insurance Committee on Feb. 5, 2024.

Image courtesy of the Louisiana Senate

(The Center Square) — Senators this week vetted a proposed sale of Blue Cross Blue Shield of Louisiana to Elevance Health, with many focused on how the deal would impact roughly 2 million policyholders.

Members of the Senate committees on Health and Welfare and Insurance held a joint meeting on Monday to discuss what chairman Sen. Patrick McMath, R-Covington, described as "one of the most important decisions with regards to health care in the state of Louisiana that we will have for perhaps a very ... long time."

"There are currently 1.9 million people covered by Blue Cross Blue Shield of Louisiana. This is a \$2.5 billion deal," he said. "Incredibly significant."



The Department of Insurance has set a reorganization hearing for Feb. 14 and 15, and an acquisition date of Feb. 29. The acquisition aims to "continue to prioritize what is best for Louisiana's members and customers by improving access, quality, affordability, and the experience that Louisianans have trusted for almost 90 years," according to a statement on the company's website.

Blue Cross Blue Shield contends the sale will involve no changes in benefits, network or services. The company plans to keep its headquarters in Baton Rouge, as well as its regional sales offices and Medicare Advantage Center in Monroe. The agreement would require the company to maintain current staffing levels in the state for two years, officials with the insurance department told lawmakers.

Blue Cross Blue Shield officials told the committee the sale is necessary to compete with for-profit competitors with much larger annual revenues and promised it would come with lower customer rates.

Steven Udvarhelyi, president of Blue Cross Blue Shield of Louisiana, noted the state is among the highest for health care costs and among the lowest for outcomes.

"I would suggest that the status quo in health care is not working in Louisiana. We are paying more and getting less than other states," he said. "We are proposing this plan of reorganization because it will allow Blue Cross Blue Shield of Louisiana to offer its policy holders lower premium costs in the future."

Committee members focused in on the Indiana-based Elevance Health's history of fines in Louisiana and other states, with data showing 22 fines in seven states totaling \$26.1 million since 2019. The fines involved both Medicaid plans and commercial plans, with some of the largest centered on how the company processes claims and appeals.

Members also highlighted data that showed the upward trajectory of premiums under Elevance.

"Did you know, over the past five years Elevance's premium revenue increased nearly 13% a year ... while membership during that same period increased 5% on average, thus premiums across the country per Elevance have gone up," McMath said. "That's a fact."

Other discussions centered on how the sale would impact the company's contracts with the state, and whether the state would be obligated to continue with the Elevance subsidiary.

Details of the deal show the two companies would divert some of Blue Cross Blue Shield's reserves to a \$3 billion private foundation with the goal of addressing health inequalities across the state. Lawmakers questioned how the Accelerate Louisiana Initiative would operate, and why the funding was directed specifically to Pennington Biomedical Research in Baton Rouge.

"That was a requirement of the attorney general, now governor," Tim Barfield, chair of the initiative, told the committees.

While lawmakers have no role in the approval process, they plan to meet again this month following the insurance department's hearing next week. The sale must be approved by about 95,000 voting members before Insurance Commissioner Tim Temple makes a final determination. Voting members would receive about \$3,000 each through the sale.