

Alison Ellis

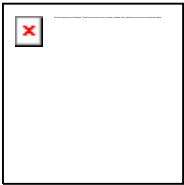
From: David Caldwell
Sent: Monday, September 18, 2023 4:27 PM
To: Alison Ellis; Claire Lemoine
Subject: Fwd: Former Rep. Woody Jenkins Files Documents Opposing Sale of Blue Cross

Please post.

Thanks,

David

J. David Caldwell
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Begin forwarded message:

From: Woody Jenkins <centralcitynews@hotmail.com>
Date: September 18, 2023 at 4:15:50 PM CDT
To: David Caldwell <David.Caldwell@ldi.la.gov>
Subject: **Former Rep. Woody Jenkins Files Documents Opposing Sale of Blue Cross**

Honorable Jim Donelon

Commissioner of Insurance

Baton Rouge, Louisiana

RE: Proposed Sale of Blue Cross

Dear Commissioner Donelon,

As a Blue Cross policyholder with voting rights, I would like to submit for your consideration the following editorial and news stories which I wrote for the August 31, 2023, edition of the Central City News. The essence of these articles is that it is not in the best interests of the policyholders of Blue Cross, who are in fact the owners of the company, for this sale to be approved. Furthermore, it is not in the best interests of the people of Louisiana. I would like to strongly urge you to disapprove the proposed sale.

The proposed sale poses serious ethical and constitutional issues. The Board of Blue Cross is proposing to take the property of the policyholders and give it to a foundation. Moreover, some of the Board members participating in these decisions would be the very individuals controlling the assets of the new foundation, totalling more than \$3.2 billion. Blue Cross was not founded as an philanthropic organization to give away the assets of the policyholders but to provide for the health care needs of the policyholders.

Blue Cross is a Louisiana-based business with thousands of employees here and offices across the state. At a time when we should be bringing business to our state, it is certainly contrary to our interests to allow this company to be gobbled up by an out-of-state for-profit company which cannot be

expected to retain the employees or the offices in this state.

For what? Very simply, so that some Board members of Blue Cross can have billions of dollars to manage and give away. This sale would never be proposed but for the creation of the foundation. That is for sure.

Please disapprove this sale!

If, on the other hand, you decide to approve it, please be aware of the very unfair means under which the policyholders election is being conducted. In the first set of voting, Blue Cross was not only sending out proxies but also attempting to get approval by telephone and by voting online. These decisions involve billions of dollars and the health care of nearly 2 million Louisianians. If there is to be a vote, it should be fair.

As a result, I ask that if you allow an election to be held that you issue an order that would include the following features:

- Appoint a group of three opponents of the sale to draft a one sheet front and back to be included in the materials sent the policyholders which fairly describes the arguments against the sale.

- That the group of opponents be approved to receive proxies from policyholders and be allowed to submit those at the policyholders meeting.
- That voting be similar to mail-in voting in Louisiana, where a ballot must be placed within an inner and outer envelope, which would have to be signed by the policyholder with his mother's maiden name, and witnessed by another person.
- That voting in any other means except by mail or in-person be prohibited,

I ask that you issue an order directing that the procedures outlined above be followed.

With appreciation for your consideration, I remain

Sincerely,

Louis (Woody) Jenkins

Former Member, Louisiana House of
Representatives (1972-2000)

Editor, Central City News

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Proposed Sale of Blue Cross Deserves a 'No' Vote from Policyholders

By Woody Jenkins, editor, Central City News

BATON ROUGE — It is marvelous to listen to the four who resigned their \$105,000-a-year seats on the Board of Directors of Blue Cross talk about the future. If they have their way, they will soon control \$3,200,000,000 that rightly belongs to the policyholders of Blue Cross. Ahhh, the dreams they have!

Earlier this year, the Board of Blue Cross decided to sell the 90-year-old mutual insurance company owned by people across Louisiana. They learned that Elevance, a mega insurance company with 47 million policyholders, would pay them \$2.5 billion for Blue Cross.

But how would that serve the 1.9 million policyholders of Blue Cross in Louisiana? Well, it really wouldn't, but think of all the money that would be generated!

\$2.5 billion is indeed a lot of money. Plus Blue Cross has about \$1.8 billion in reserve. That's over \$4.3 billion altogether! 4,300 millions!

Blue Cross is doing a good job and doing well financially. So why sell? Well, actually, there's no reason... except one! Money.

As part of this ingenious plan, the proceeds of the sale, \$2.5 billion and about \$700 million from Blue Cross

reserves — \$3.2 billion — would be given to a new foundation called Accelerate Louisiana Initiative. That makes sense, right? Don't give the money from the sale to the owners of the mutual insurance company! No, set up a new foundation that we brilliant minds control, and give the \$3.2 billion to us! It was incorporated in the State of Delaware last December. The officers and basic documents are not available online, but will certainly include the four Blue Cross board members who resigned their seats on the board.

Think of it! If you are on the board of a non-profit, mutual company owned by policyholders, you have a fiduciary responsibility to make decisions in their interests — not your own! You're not there to take control of their money or feather your nest. Your job is exactly the opposite — to make sure that doesn't happen!

The chairman of the new foundation is an otherwise good man who seems to have been mesmerized by this idea. Another member of the board of the new foundation gushes that the new foundation, which by the way has never raised a penny or administered anything — a foundation with no track record or experience — is ready for the job! In fact, they've travelled to Washington, one of the four bragged, and met with Mitch Landrieu, with Agriculture Secretary Tom Vilsack, and with Elizabeth Cousens of the UN Foundation! They all agreed this new Louisiana foundation, which will be

one of the 25 largest foundations in the United States, is a marvelous idea.

Of course, he admits, “The foundation is an empty shell right now, as it has no money unless the sale occurs.”

Nevertheless, “The mission of the foundation is to improve the health and lives of Louisiana!” A grand idea indeed!

This board assures us that the way to do that is to populate the board of the new foundation with “every race, gender, and geography.” Of course, those are the things that make a board great.

The chairman of the new foundation says the foundation will aim its work at addressing “Health inequalities across the state”!

So the problem is not poor health but making sure there are no “inequalities” in health across the state. Actually, if you look at the “mission” of Healthy Blue, the joint venture between Blue Cross and Elevance, you will see that it is “diversity, equity, and inclusion.” I think I see where this is going.

As New Orleans attorney Henry Kinney told the Joint Legislative Committee on Insurance, “The Board is selling assets that belong to the policyholders. They have no expertise. Yet, they will be doling out hundreds of millions or even billions of dollars as they see fit. Blue Cross is not the Community Chest, designed to be a welfare agency. It is to provide for the health care of the members.”

The Board members of the new foundation have no salary at present, presumably because the foundation has no money. But what will happen if they do have the money? The Board members talk about hiring consultants for everything including finding new Board members. Surely they will have to do a nationwide survey on what Board members and the president of the foundation should be paid.

We're talking about a foundation of colossal size — four times larger than the Baton Rouge Area Foundation. Surely the president/CEO will earn in the \$400,000 to \$500,000 range if not more. And Board members? Well, we know the pay of Blue Cross Board members is \$105,000.

The four members of the new foundation's board have complained that they had to beg people to serve on the board of the new foundation!

Really? The ability to hand out hundreds of millions of dollars every year makes a person very popular. Power like that tends to ripple through every aspect of one's life.

So why all the discussion of the foundation?

It's very simple. The sale of Blue Cross would not be happening but for the foundation.

Just ask any of the Board member if they would support the sale if the proceeds were going to the actual owners of Blue Cross, instead of being placed in the hands of the

four Board members of the new foundation. You will be met with derision.

The foundation is the reason for the sale!

So here we are — policyholders of Blue Cross — watching all of this play out. If you are happy with your coverage with Blue Cross, your best bet is to vote No! Keep Blue Cross a Louisiana company answerable to the policyholders.

Keep the company strong and keep it here! That's the best way to make sure our health insurance is reliable and affordable.

And I have to say there's something else. I'm deeply concerned about how health care can be used to control us. We saw that during Covid. Our best chance to make sure health care is not used as a stick against us is to keep it here as a mutual insurance company.

Policyholders Question Sale of Blue Cross to For-Profit

By Woody Jenkins, editor, Central City News

BATON ROUGE — The proposed \$2.5 billion sale of non-profit Blue Cross/Blue Shield to Elevance, an out-of-state, for-profit insurance giant, has been delayed by opposition from policyholders and legislators. The proposed transaction had smooth sailing until a letter

announcing the sale was received by policyholders on August 15. Then “all hell broke loose”!

Blue Cross is a mutual company owned by the policyholders. It serves 1.9 million of Louisiana’s 4.4 million citizens and generally gets high marks from its insured. Roughly 84 percent of its revenues are paid out for medical providers, hospitals, and pharmaceuticals.

Most opposition to the sale has centered on these facts:

- Policyholders, almost all of whom are residents of Louisiana, would lose control of the 90-year-old mutual company. In turn, control would be turned over to an out-of-state, for-profit company.
- Policyholders would receive less than 9 percent of the \$2.5 billion sale price of the company. More than 91 percent of the sale price of the company would be given to a foundation being formed by four members of the Blue Cross board of directors. Policyholders would have no control over that board.
- Policyholders would also lose their rights to more than \$900 million in reserves of the company, much of which would also be turned over to the new foundation.
- Blue Cross has said the sale will result in thinning down expenses of the company but promised there will be no layoffs or rate increases. However, the language in the mailing sent to policyholders says there will be no layoffs or rate increases “during the current contract year.” The contract year ends Dec. 31.

- Blue Cross president/CEO Steven Udvarhelyi said he expects premiums paid by Blue Cross policyholders to increase by more than 8 percent next year, even without the sale of the business.

Shortly after the letter from Blue Cross arrived at the homes of policyholders, the Joint Legislative Committee on Insurance held a hearing on the proposal, which resulted in blistering criticism by some lawmakers.

Sen. Jeremy Stine (R-Lake Charles) said his office has been bombarded by constituents with questions about the sale. At the hearing, Sen. Stine said, “There’s one thing I agree with that I’ve heard today. It was when the president of Blue Cross said there is no need to do this today!”

Attorney Gen. Jeff Landry also raised questions and called for a delay in the approval process.

In the ensuing turmoil, State Insurance Commissioner Jim Donelon decided to delay a hearing he had set on the matter for August 21-22 to Oct. 5-6. Meanwhile, Blue Cross had already mailed out ballots to more than 90,000 policyholders with voting rights, asking them to send their proxies to the management team at Blue Cross. Before the company could be converted from a non-profit mutual insurance firm to a for-profit stock corporation, two-thirds of Blue Cross policyholders would have to vote to approve the deal.

Meanwhile, in its mailing to policyholders, Blue Cross failed to provide policyholders with a fair description of the reasons to vote against the sale.

In addition, as the company attempted to secure votes in favor of the proposed sale, it used automated calls to policyholders which encouraged the policyholders to vote by punching Yes on their phone. However, this system provided even less information to policyholders and provided no safeguards to guarantee the sanctity of the votes cast.

Those votes have now been thrown out by Commissioner Donelon, and future voting has been delayed until Donelon holds a hearing on the proposal.

At a meeting of the Chamber of Commerce of East Baton Rouge Parish last week, Blue Cross spokesman Brian Keller said the sale was necessary in order to plan for the company's future but in fact the company has revealed no such plan, other than selling out to insurance giant Elevance, formerly Anthem, which has 47 million policyholders.

In testimony before the Joint Legislative Committee on Insurance, New Orleans attorney Henry Kinney called the Blue Cross proposal "dishonorable" and "a usurpation of the rights of policyholders."

Kinney said, "The board of Blue Cross is selling the assets that belong to the policyholders and offering to pay them \$3,000 when they are worth over \$30,000 per

policyholder. Then they want to turn around and give that money to a self-appointed, self-perpetuating board of a new foundation. It was never their money to give! It belongs to the policyholders.”

“What information have they given us that this will benefit the policyholders? The ones promoting this sale are the members of the Board of Blue Cross, each of whom will get \$1.05 million or more over the next 10 years under the terms of the deal,” Kinney said. “The chairman of the Board will get a minimum of \$1.3 million over 10 years. How can these individuals render a neutral opinion about this sale? Yet, that’s who’s telling us this deal is good.”

Kinney said, “As far as giving \$3.2 billion to four members of the Blue Cross board to form this new foundation, you will be making them some of the most powerful people in Louisiana.”

The public may testify at the hearing of the Commissioner of Insurance on Oct. 4-5 or file statements. If the Commissioner approves the sale, another vote of policyholders will be held. If two-thirds of the policyholders vote yes, the proposal will go back to the Commissioner for a second set of hearings.

\$3+ Billion to Go to Foundation Run by Four Members of Blue Cross Board

BATON ROUGE — Four members of the Board of Directors of Blue Cross/Blue Shield of Louisiana have resigned their positions to serve as initial Board members for a new foundation called Accelerate Louisiana Initiative.

The new foundation would receive \$2.5 billion from the sale of Blue Cross to insurance company Elevance and \$770 million from the reserves of Blue Cross to fund its work. Foundation acting chairman Tim Barfield said the funds will be used to address health inequalities across the state. “We plan a small set of focused initiatives,” he said.

The foundation incorporated in Delaware last December as a 501(c)(4) corporation.

Barfield said the foundation will begin its work only if the sale goes through and provides the funding.