

Sent: Wednesday, October 28, 2009 12:24 PM

Subject: CareFirst surplus

D.C. Dept. of Insurance, Securities and Banking
Attn: Leslie Johnson, Hearing Officer and Camenita Snowden
810 First Street NE
Suite 701
Washington, DC 20002

Dear Ms. Johnson,

In reference to the Department of Insurance's decision as to whether CareFirst/Blue Cross Blue Shield's surplus of \$687 million is excessive, I would like to share with you CSPI's experience with that company.

In April 2009, when CSPI's employee health insurance contract with CareFirst was up for renewal, CareFirst quoted new rates that were **29.3%** higher than the previous year for the same coverage. We were told that this was not because of any excessive or unusual usage of the insurance by our employees, but simply that it was a standard rate increase, blending CSPI's experience with that of other companies under 200 employees.

But a 29% premium increase far exceeded the increase in the cost of health services for the area, so we were astounded, particularly since, as a small nonprofit employer, CSPI and its employees could not sustain such an increase.

It was only after having to impose significant cutbacks in health coverage on our employees that we were able to reduce the cost increase to *only* 10.6%.

We believe it is unconscionable for CareFirst to impose such excessive increases while at the same time amassing a \$687 million surplus, far higher than the average for other health insurance companies.

We hope that the Department will direct CareFirst to disgorge some of its excessive accumulation of cash in the form of premium abatements to companies and their employees.

Thank you for your consideration.

Dennis Bass

Dennis Bass
Deputy Executive Director
Center for Science in the Public Interest (CSPI)
202-777-8334 (direct dial)