

PRESS ASSOCIATES UNION NEWS SERVICE

*The Leading Independent Weekly News Service For
The Nation's Unions, Their Media And Their Members*

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Ms. Gennet Purcell
Acting Commissioner
D.C. Department of Insurance and Securities Regulation
810 First St NE
Washington DC 20001
October 26, 2009

RE: CAREFIRST SURPLUS CASE

Dear Ms Purcell:

This is a formal comment on the case your department has opened to force CareFirst BlueChoice to return its excessive surplus -- all sums over \$200 million -- to its subscribers. I would strongly urge you to force the supposedly non-profit insurer to rebate the excess money --some \$487 million according to the Oct 25 Washington Post -- to its subscribers rather than (allegedly) fund uncompensated care for the poor. It is not that I have no sympathy for the poor, or deny that they need care. It's that I don't trust CareFirst, which promised to fund such care last time. Nobody knows if they did. So I don't trust them. Neither should you.

More to the point, CareFirst obscenely overcharges its customers, and we need relief, being in a captive market where it is the dominant, if not the only, available insurer. Let me tell you what it has done to our business, and you'll see why:

Press Associates is a small business with annual gross -- repeat, gross -- revenues of \$120,000-\$130,000 yearly. We employ one full-timer, myself, and one part-timer. As such, CareFirst is the only entity that will provide health insurance -- and only because its charter forces it to do so. Even so, we must buy its cheapest health insurance, CareFirst BlueChoice, which many medical practitioners refuse to take.

Six years ago, CareFirst decided it was going to make a lot of money from small businesses such as ours. It raised our rates by **30%**. Please look at that figure again: **30%**. Anything the company tells you about "moderate" rate increases is a lie.

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Five years ago, they repeated that increase. **30%** again.

Four years ago, they gave us a slightly smaller increase, for which we are -- ahem -- supposed to be thankful: **29%**.

Then came DC Appleseed's first investigation, the first *expose* in the *Post*, and your office's first crackdown. The next year, the increase was **zero**. In the two subsequent years, including this year, the increases have been **8%** yearly.

We now pay **\$1,494 per month** to cover two people. And that's for their cheapest insurance. CareFirst is now our third-biggest yearly expense and is rapidly overtaking our second, the rent.

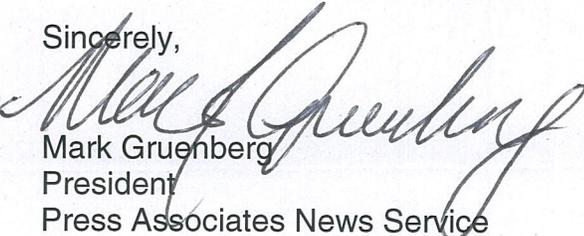
We wrote to the former CEO of CareFirst, William Jews, questioning the increases. Needless to say, he never even deigned to reply. In the meantime, he was trying to convert it into a for-profit company and walk away with a hefty "golden parachute" for himself as a result.

How did we cope with these massive increases? We raised our subscription rates (slightly), cut expenses, moved in order to cut the rent by one-third, and so on. The one thing we did not do is cut my co-worker's pay. So I cut my own.

Thanks to CareFirst, my take-home pay for 2007, after CareFirst's increases, was \$3,200 for the year. It was \$5,700 in 2008.

We, and other small businesses like us, need relief from CareFirst. Order the firm to turn the surplus back to its subscribers.

Sincerely,



Mark Gruenberg
President
Press Associates News Service

CC: DC Appleseed