



SEBELIUS CALLS ON ANTHEM BLUE CROSS TO JUSTIFY ITS PREMIUM INCREASES

The [Los Angeles Times](#) (2/9, Helfand) reports, "The Obama Administration called on Anthem Blue Cross on Monday to justify its controversial new rate hikes of as much as 39% for individual policyholders, saying the increases were alarming at a time when subscribers are facing skyrocketing healthcare costs." HHS Secretary Sebelius "voiced serious concern over the rates," which "have triggered widespread criticism from Anthem members and brokers." Sebelius is quoted as having written: "I was very disturbed to learn through media accounts that Anthem Blue Cross plans to raise premiums for its California customers by as much as 39%. These extraordinary increases are up to 15 times faster than inflation and threaten to make healthcare unaffordable for hundreds of thousands of Californians."

According to the [Washington Post](#) (2/9, MacGillis), "The unusual salvo offers a reminder that, even as healthcare legislation lies in limbo in Washington, the battle over surging healthcare costs continues in other venues." The Post notes that California insurance commissioner Steve Poizner, "who is running for the Republican gubernatorial nomination," said "his department was investigating the increases." The Post also reports that Anthem Blue Cross "rel[ies] more than many other insurers on the individual market and [has] been among the most aggressive in resisting the national legislation."

The [AP](#) (2/9, Werner) notes President Obama "cited the Anthem rate hikes in an interview with CBS' Katie Couric on Sunday as a reason to move forward with his health overhaul legislation, which is stalled in Congress. 'That's a portrait of the future if we don't do something now,' Obama said."

The [San Francisco Chronicle](#) (2/9, Colliver) reports Secretary Sebelius "asked Anthem to explain its 'extraordinary' premium increases for its individual policyholders. Meanwhile, the state Department of Insurance demanded that Anthem delay its rate increases until May 1 to give the state time to investigate." The firm "has as many as 800,000 individual policyholders - more than any other for-profit insurer - in the state." Sebelius "told the health insurer's president, Leslie Margolin, that Anthem has a responsibility to explain the increases, especially at a time when its parent company, WellPoint Inc., is earning strong profits." Anthem responded by saying that "higher medical costs as well as a smaller pool of members to absorb the risk made raising rates necessary."

[Dow Jones Newswires](#) (2/9, Brin) reports that Secretary Sebelius noted that WellPoint, Anthem's parent company, earned more than \$2.7 billion in the fourth quarter of 2009. Anthem issued a statement saying, "It highlights why we need sustainable healthcare reform to manage the steadily rising costs of hospitals, drugs and doctors."

[CQ HealthBeat](#) (2/9, Reichard, subscription required) called the letter, "a highly unusual move for a secretary of Health and Human Services." It is seen as connected to the administration's efforts "to turn up the heat on House Democrats skittish about enacting a sweeping healthcare overhaul."

The [New York Times](#) (2/8, Seelye) Prescriptions blog reported the proposed increases "drew a sharp rebuke" from Secretary Sebelius, who "demand[ed] a public accounting by the company to justify the increases." [ABC News \(blog\)](#) (2/9), [AFP](#) (2/9), [Reuters](#) (2/9, Heavey, McCormick), and the [Sacramento Business Journal](#) (2/9, Trujillo) also cover the story.

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