BlueCross.BlueShield.
Illinois • Montana • New Mexico
Oklahoma • Texas

Statement of J. Darren Rodgers, Senior Vice President & Chief Marketing Officer
Health Care Service Corporation, d/b/a Blue Cross and Blue Shield of Illinois, Montana, New Mexico, Oklahoma and Texas
Hearing "*PPACA Enrollment and the Insurance Industry*"
United States House of Representatives, Committee on Energy & Commerce
Subcommittee on Oversight and Investigations
10:15 a.m. Wednesday, May 7, 2014
2125 Rayburn House Office Building

Introduction

Good morning, Chairman Murphy and Members of the Subcommittee. I am Darren Rodgers, Senior Vice President and Chief Marketing Officer of Health Care Service Corporation ("HCSC"), a Mutual Legal Reserve Company which does business as Blue Cross and Blue Shield of Illinois, Montana, New Mexico, Oklahoma and Texas.

HCSC is the largest customer-owned, non-profit health insurance company in the nation. HCSC is headquartered in Chicago, Illinois with a workforce of nearly 20,000 employees serving nearly 14 million members throughout our five-state Blue Cross and Blue Shield plans.

HCSC'S Individual Consumer and Small Employer Business

For over 80 years, HCSC has been committed to expanding access to cost-effective health care to as many people as possible in every part of our five states. Whether through employer-sponsored insurance, government programs or individual products, HCSC is committed to its purpose and to offering our customers a wide range of cost-effective and sustainable product choices to meet their health and wellness needs.

Blue Cross and Blue Shield of Illinois, Blue Cross and Blue Shield of Montana, Blue Cross and Blue Shield of New Mexico, Blue Cross and Blue Shield of Oklahoma, and Blue Cross and Blue Shield of Texas,

Divisions of Health Care Service Corporation, a Mutual Legal Reserve Company, an Independent Licensee of the Blue Cross and Blue Shield Association

As we transition to a new health care marketplace, HCSC remains committed to its individual and small employer market and to continuing to offer accessible products, particularly to those individuals who do not have access to employer sponsored coverage, are self-employed or unemployed. We are proud of what our brand stands for—security and peace of mind—and our commitment to the communities in which we operate, as well as our large and geographically diverse network of health care providers and professionals in our operating states. This structure and expertise allow us to offer a variety of affordable product choices in every county of every state in which we operate, to meet our customers' needs.

To support our individual and small employer market, HCSC participated in the health insurance exchanges. We offered a similar portfolio of products (e.g., PPO, HMO), both on and off exchange (i.e., purchased directly through HCSC or a broker) for individuals and small employers with a variety of deductibles, co-pays, coverages and other options, with the goal of meeting our members' diverse health care needs in a way that is understandable and easy to compare.

HCSC's Enrollment Experience

At the current time enrollment and payment information (both on and off exchanges) can only be presented as of each day when the numbers are counted. As such, there are natural lags between the effective date of coverage and the date on which the member's coverage payment may be due. For instance, applicants with policies with an effective date of May 1 may still have time remaining in their payment deadline. In addition, adjustments and reconciliations to this data occurring between the exchanges and HCSC during the implementation process are ongoing and will result in some adjustments to HCSC data. As such, the data HCSC is providing represents our good faith estimate based on our records to date.

With those caveats, HCSC received between October 1, 2013 and April 15, 2014 approximately 830,000 applications across our five states, comprised of approximately 600,000 on-exchange and 230,000 off-exchange applications. We estimate that these 830,000 applications represent coverage for just over 1.2 million applicants.

Currently (and subject to any potential adjustments), HCSC records show the following first payment rates for policies with effective dates starting January 1, 2014:

	1/1/2014	**2/1/2014**	**3/1/2014**	**4/1/2014**	**5/1/2014**
Exchange	85%	86%	88%	83%	68%
Off Exchange	90%	92%	93%	90%	63%

Payment information for May 1 effective date is not yet complete given that payment deadlines for all of those policies may not yet have passed.

Conclusion

HCSC is, and always has been, committed to improving access to and quality of care for all Americans. I thank you on behalf of HCSC for the opportunity to be part of this important ongoing dialogue.