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For Immediate Release

Saturday, May 13, 2006

Distribution to:

U.S. Attorney General, California Senators and Representatives, California State Senators and Assembly Members, Attorney General, Governor, Insurance Dept., Dept. of Managed Care, Dept. of Consumer Affairs, Dept. of Industrial Relations, California Local Chambers of Commerce, California Print and Broadcast Media, California Consumer Watchdog Groups, National Assoc. of Health Underwriters, California Assoc. of Health Underwriters

California Health Insurance Anti-Trust Update

As previously announced, several California health insurance companies are engaging in an attempt to prevent employers from offering Congressionally sanctioned self funding alternatives, including Health Reimbursement Arrangements (HRAs) intended to reduce total health care expenses. They are also attempting to prevent employers from purchasing supplemental insurance plans, such as the popular AFLAC coverage from competing insurance carriers.

The 800 pound Blue gorilla has paved the way for others to follow, and follow they will. Since Blue Cross and Health Net appear to have suffered no consequences for their unlawful actions, other insurance companies are following suit.

Attached to this notice is a PDF file documenting the actions of Nationwide Health Plans. Nationwide is following the lead of the 800 pound Blue gorilla.

Nationwide is attempting to force consumers to waive their rights to Congressionally sanctioned self funding alternatives and supplemental insurance plans.

They are attempting to dictate HSA plan design to employers.

Finally, Nationwide is threatening insurance agents with severe financial penalties for simply doing their jobs properly. Independent agents MUST be free to make consumers aware of the many available cost saving options without fear of retaliation by insurance companies.

It appears that the California Department of Insurance is STILL turning a blind eye to these gross violations. It is well known that Commissioner Garamendi is opposed to HSA plans and High Deductible health plans. This does not absolve him of his responsibility to protect California consumers from predatory practices by these companies. This illegal behavior could be stopped immediately if the Department simply enforced AB1672 prohibiting the “steering” of business to a particular company.

Government officials, please look into this matter as rapidly as possible. Actions by these companies will force enormous increases in health care expenditures by California consumers unless this illegal practice is terminated. Any delay will result in the overpayment and/or loss of millions of dollars in premiums and/or benefit payments.

To consumers, rights groups and the media, we strongly urge you to join us in bring this matter to the attention of state and Federal officials and lawmakers. It will take the voices of many to focus attention on the unlawful actions of 800 pound Blue gorilla and its cohorts.