Blue Cross Blue Shield Conversions

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POLICY & ACTION FROM CONSUMER REPORTS

Blue Cross Blue Shield Plans

- Nonprofit, charitable corporations incorporated in the 1930s and 1940s.
- Created to fill significant gaps in health care coverage; organized as "community based entities that accept all, regardless of health status..."
  - Community rating
  - Low cost coverage
  - Open enrollment
  - "Insurers of last resort."
- Fundamental difference in purpose and philosophy from commercial insurers
  - "We remain special, and thus essentially different from our competitors...
  - "[T]he characteristics that distinguish Blue Cross and Blue Shield plans from all others - community origins, community ties, small group recognition, unique hospital and physician relationships - along with strong name recognition."

Sources: Cathy Tokarski, Mergers, Conversions: Blues' Survival Strategies, American Medical News, May 20, 1996.
Robert Cunningham III & Robert M. Cunningham Jr., The Blues: A History of the Blue Cross and Blue Shield System (1997)
US Senate Committee on Finance (February 4, 1986), Congressional testimony of Bernard R. Tresnowski, President, Blue Cross and Blue Shield Association)

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North Dakota Blues Organized as Nonprofit Mutual

- The state of North Dakota created a special nonprofit mutual insurance company law to govern its Blue Cross and Blue Shield plan. The law allowed the Blue Cross and Blue Shield plan to become a nonprofit mutual insurance company. It is still categorized and treated under state law as nonprofit and is defined by law as a charitable and benevolent organization. It cannot distribute its assets to its policyholders, nor can it undertake for-profit activity.

Questions to ask:

- Did the nonprofit board meet its fiduciary duty by demonstrating the necessity of converting to a mutual or for-profit?
- Is the deal in the public interest?
- Which health care services could be reduced or eliminated? How will this loss be mitigated?
- Is there inappropriate private inurement ?
- What is the fair market value of the charitable assets that are at stake in this transaction? Does the proposed plan protect and preserve them for charitable purposes?

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Transparent Process with Community Voice

- Public Access to Conversion Information: Conversions should be subject to full public disclosure and discussion, equal to that of other dramatic policy shifts in the health care system.
- Public oversight: Public officials (insurance departments attorneys general, health departments) must provide aggressive public oversight of proposed conversion transactions to protect community interests.
- Public Participation and Accountability

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UNDERVALUATION OF HMOS

HMO	Amount to Charity at Time of Conversions	Later Value	Current Value
Family Health Plan (FHP)	$38,456,000 (1984)	$135,628,000 (1986)	$1,711,000,000 (1994)
Foundation Health	$78,000,000 (1984)	$302,500,000 (1985)	$1,873,000,000 (1994)
Pacificare Health	$360,000 (1984)	$45,300,505 (1985)	$2,193,000,000 (1994)
Inland Health Care	$663,000 (1985)	$37,500,000 (1986)	Not Available

Anne Lowry Bailey, "Charities Win, Lose in Health Shuffle," The Chronicle of Philanthropy, June 14, 1994, p. 12.

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History of Blue Cross Conversions and Foundations

State/Plan	Use of Proceeds	Conversion Legislation	Type of Transaction
Blue Cross of California	**2 Foundations** **$3.2 billion**	Effective 1995	Conversion through the creation of a for-profit subsidiary, which was endowed with 90% of BCC's assets
Blue Cross Blue Shield of Colorado	**Foundation** **$155 million**	Effective 1996*	Sale to Anthem
Blue Cross Blue Shield of Connecticut	**Foundation** **$40.8 million**	No law	Merger with Anthem (settlement after the fact)
Blue Cross Blue Shield of Georgia (Cerulean)	**Foundation** **$124 million**	No law	Conversion to for-profit Cerulean
Blue Cross Blue Shield of Kansas	**Foundation** **$75 million**	No law	Settlement between AG and BCBSK over charitable assets
Blue Cross Blue Shield of Kentucky	**Foundation** **$45 million**	No law	Merger with Anthem (settlement after fact)
Blue Cross Blue Shield of Maine	**Foundation** **$80.5 million**	Effective 1997*	Sale to Anthem, details still being finalized
Blue Cross Blue Shield of Missouri	**Foundation** **$413 million** (valued)	No law	Restructuring, placing 80% - 90% of assets into a for-profit subsidiary (settlement)

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* Indicates that legislation was in place at the time of conversion.

History of Blue Cross Conversions and Foundations

State/Plan	Use of Proceeds	Conversion Legislation	Type of Transaction
Blue Cross Blue Shield of Nevada	**$1.5 million promised but never delivered to Foundation**	No law	Merger with BCBS Colorado
Blue Cross Blue Shield of New Hampshire	**Foundation $83 million**	Effective 1997*	Sale to Anthem
Blue Cross Blue Shield of New Mexico	**Foundation $20 million**	No law	Affiliation with Health Care Service Corporation
Empire Blue Cross Blue Shield (New York)	**$1 Million (5% of IPO-rest went to state budget)**	*Yes. Passed in 2003 to allow Empire to convert.	Conversion from non profit to for-profit
Blue Cross Blue Shield of Ohio (Community Mutual Insurance)	**Foundation $28 million**	Effective 1997	Merger with Anthem (settlement)
Blue Cross Blue Shield of Texas	**$10 Million to CHIP**	No law	Merger with BCBS of Illinois (a mutual corporation)
Blue Cross Blue Shield of Virginia (Trigon)	**$175 million** went to state budget (nothing went to a foundation)	Effective 1997	Conversion from mutual to for-profit

* Indicates that legislation was in place at the time of conversion.

History of Blue Cross Conversions and Foundations

State/Plan	Use of Proceeds	Conversion Legislation	Type of Transaction
Blue Cross Blue Shield of Wisconsin	**Foundation $250 million** (Most of the proceeds will fund medical education at State's 2 medical schools.)	No law	Conversion from nonprofit to for-profit

* Indicates that legislation was in place at the time of conversion.

Conversion proposed by rejected by insurance commissioner/or withdrawn by plan

- Kansas BCBS – Rejected February 2002
- Maryland BCBS – Rejected March 2003
- Regence/HCSC – Withdrawn August 1002
- North Carolina BCBS – Withdrawn July 2003
- Premera BCBS – Rejected July 2004

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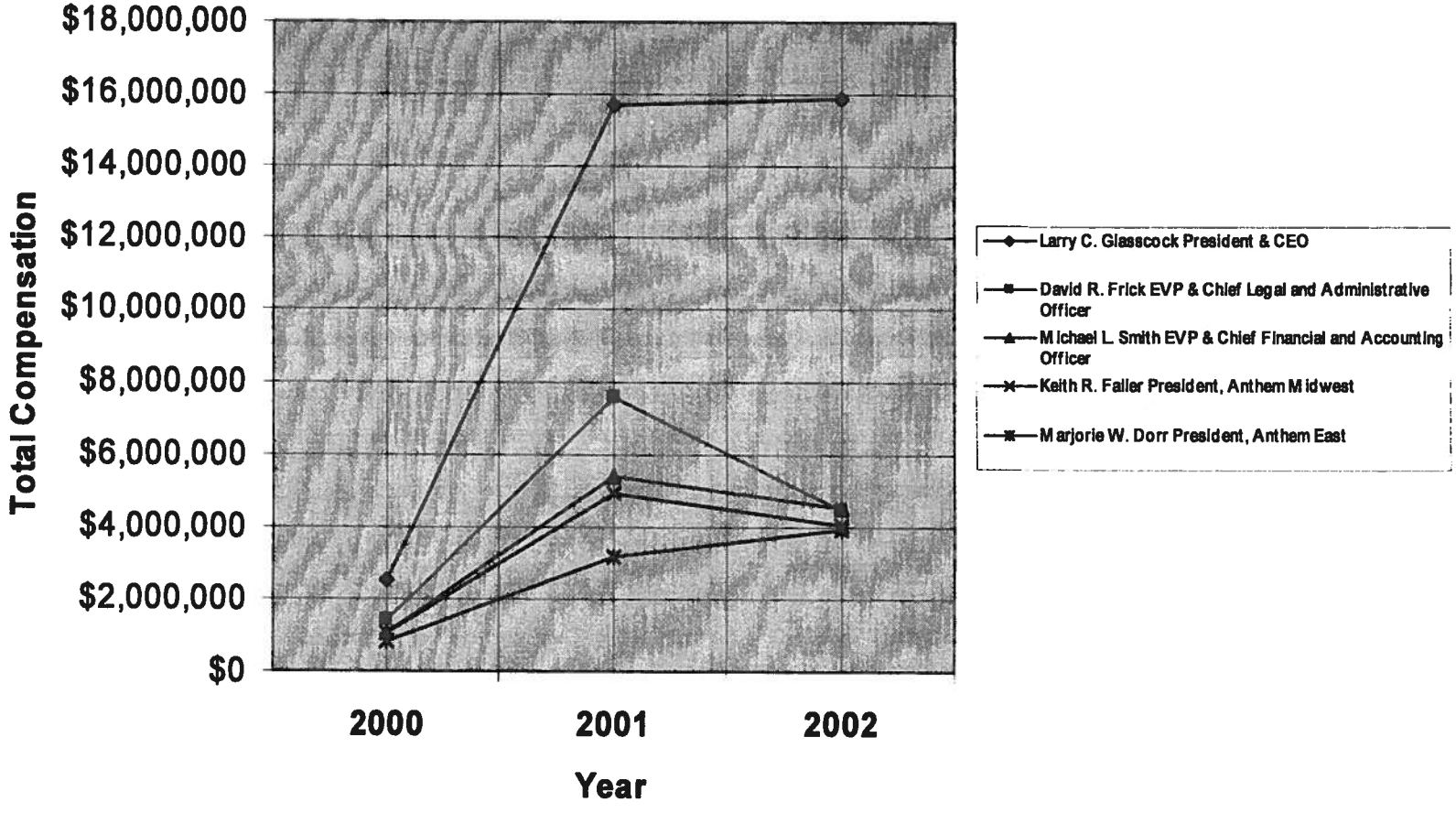
Anthem Compensation: 2000-2002
(based in Indiana)



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Anthem Compensation: 2000-2002
(based in Indiana)

	Name	Title	Salary	Bonus	Other Annual Comp	Restricted Stock Awards	LTIP Payouts	All other Annual Comp	Total (D:I)	Grant Date Present Value or Potential Realizable Value at 5%	Total Annual Compensation (J+K)	Shares Acquired on Exercise (Value Realized)	Value of Unexercised In-the Money Options/SARS (Exercisable)	Value of Unexercised In-the Money Options/SARS (Unexercisable)
2002	Larry C. Glasscock	President & CEO	980,000	2,352,000	197,877	3,233,700	0	94,262	6,857,839	9,038,474	15,896,313	0	0	0
2001	Larry C. Glasscock	President & CEO	900,000	2,160,000	129,156		12,431,458	83,213	15,703,827		15,703,827			
2000	Larry C. Glasscock	President & CEO	800,000	1,800,000	65,675		0	51,467	2,517,142		2,517,142			
2002	David R. Frick	EVP & Chief Legal and Administrative Officer	475,000	760,000	56,425	883,678	0	33,932	2,209,235	2,259,618	4,468,853	0	0	0
2001	David R. Frick	EVP & Chief Legal and Administrative Officer	410,000	691,000	95,349		6,356,834	32,820	7,585,803		7,585,803			
2000	David R. Frick	EVP & Chief Legal and Administrative Officer	410,000	656,000	16,968		297,049	24,523	1,404,540		1,404,540			
2002	Michael L. Smith	EVP & Chief Financial and Accounting Officer	475,000	760,000	101,953	883,678	0	33,905	2,254,736	2,259,618	4,514,354	0	0	0
2001	Michael L. Smith	EVP & Chief Financial and Accounting Officer	410,000	656,000	66,115		4,214,884	30,038	5,397,037		5,397,037			
2000	Michael L. Smith	EVP & Chief Financial and Accounting Officer	375,000	600,000	437		44,557	18,750	1,038,744		1,038,744			
2002	Keith R. Faller	President, Anthem Midwest	485,000	744,000	114,957	862,320	0	33,071	2,219,348	1,807,695	4,027,043	0	0	0
2001	Keith R. Faller	President, Anthem Midwest	400,000	640,000	97,912		3,781,110	28,375	4,945,397		4,945,397			
2000	Keith R. Faller	President, Anthem Midwest	350,000	490,000	30,202		178,229	12,779	1,061,210		1,061,210			
2002	Marjorie W. Dorr	President, Anthem East	485,000	744,000	3,351	862,320	0	33,056	2,107,727	1,807,695	3,915,422	0	0	0
2001	Marjorie W. Dorr	President, Anthem East	400,000	790,000	194,414		1,725,136	28,720	3,138,270		3,138,270			
2000	Marjorie W. Dorr	President, Anthem East	308,731	413,558	25,406		80,202	13,456	839,353		839,353			

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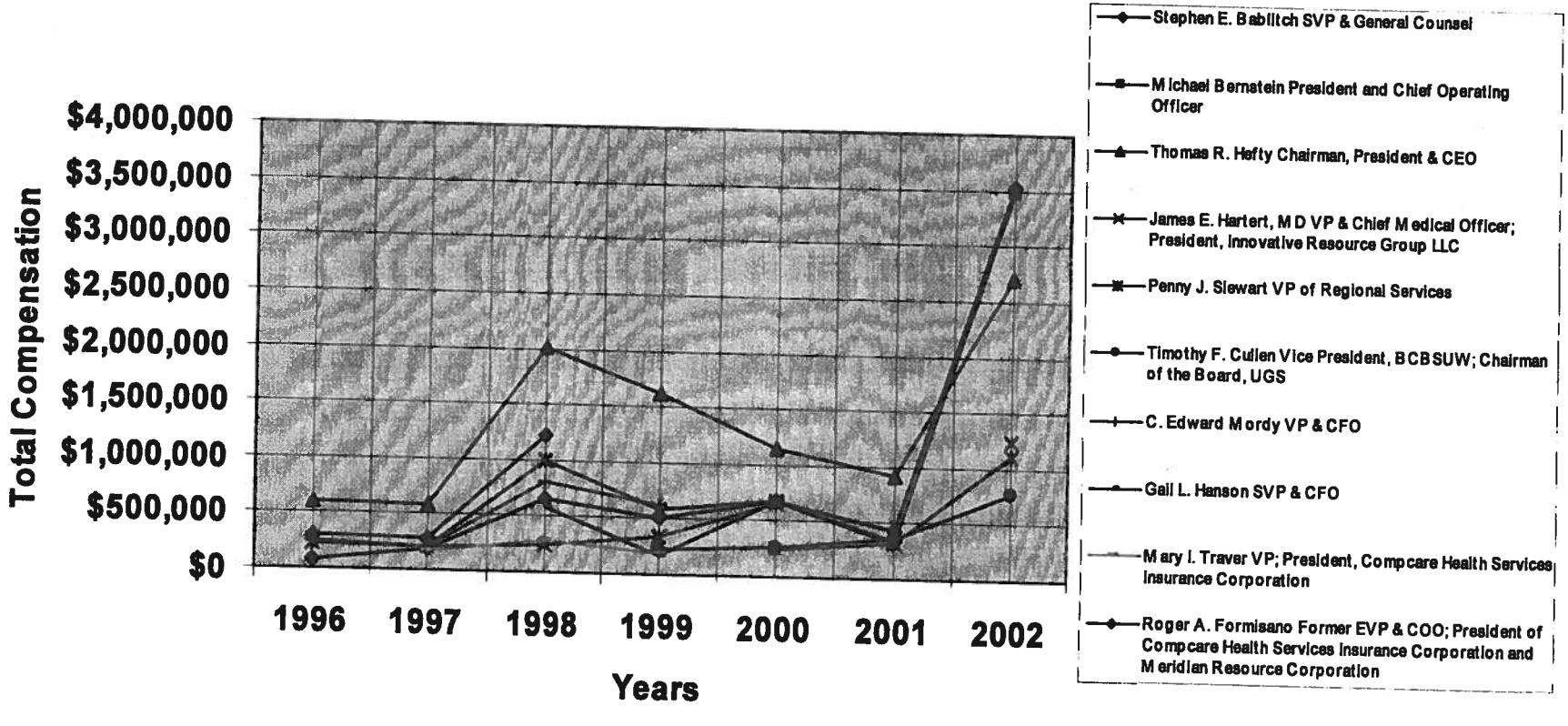
Cobalt Compensation: 1996-2002
(based in Wisconsin)



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Cobalt Compensation: 1996-2002
(based in Wisconsin)

Data 1 of 3

	Name	Title	Salary	Bonus	Other Annual Comp	LTIP Payouts	All Other Annual Comp	Total (D-J)	Grant Date Present Value or Potential Realizable Value at 5%	Total Annual Compensation (J+K)	Shares Acquired on Exercise (Value Realized)	Value of Unexercised In the Money Options/SARS (Exercisable)	Value of Unexercised In the Money Options/SARS (Unexercisable)
2002	Thomas R. Hefty	Chairman, President & CEO	673,751	515,420	6,317		5,000	1,200,488	1,500,985	2,701,473	938,816	2,745,782	2,183,141
2001	Thomas R. Hefty	Chairman, President & CEO	677,505	223,712	13,577		4,250	919,044		919,044		208,781	228,717
2000	Thomas R. Hefty	Chairman, President & CEO	617,508	0	12,735	0	4,250	634,493	506,239	1,140,732		0	0
1999	Thomas R. Hefty	Chairman, President & CEO	577,506	0	28,887	0	4,000	610,393	997,805	1,608,198		0	0
1998	Thomas R. Hefty	Chairman, President & CEO	525,000	154,350	11,570	64,985	4,000	759,905	1,248,904	2,008,809		285,419	244,392
1997	Thomas R. Hefty	Chairman, President & CEO	475,008	97,377	7,885	5,294	4,000	589,564		589,564			
1996	Thomas R. Hefty	Chairman, President & CEO	410,028	177,542	9,355	0	3,750	600,675		600,675			
2002	Stephen E. Babitch	SVP & General Counsel	432,142	520,000	98,716		5,000	1,055,858	2,475,989	3,531,847	0	1,155,108	1,525,268
2001	Stephen E. Babitch	SVP & General Counsel	303,603	127,935	1,271		4,250	437,059		437,059		208,781	228,717
2000	Stephen E. Babitch	Vice President & General Counsel	260,828	0	4,327	0	4,250	269,403	415,974	685,377		0	0
1999	Stephen E. Babitch	Vice President & General Counsel	214,781	0	11,678	0	4,000	230,439	277,356	507,795		0	0
1998	Stephen E. Babitch	Vice President & General Counsel	184,044	36,073	0	11,846	4,000	235,783	612,307	851,737		0	52,413
1997	Stephen E. Babitch	Vice President & General Counsel	166,416	21,634	615	0	1,040	189,705		189,705			
1996	Stephen E. Babitch	Vice President & General Counsel	40,002	20,000	0	22,087	0	82,089		82,089			
2002	Timothy F. Cullen	Senior Vice President, Corporate and Public Affairs; Chairman of the Board, UGS	272,932	131,367	5,129		3,961	413,389	358,931	772,320	491,220	589,433	913,418
2001	Timothy F. Cullen	Vice President, BCBSUW; Chairman of the Board, UGS	263,535	77,259	4,885		4,250	349,929		349,929		208,781	228,717
2000	Timothy F. Cullen	Vice President, BCBSUW; Chairman of the Board, UGS	246,753	0	4,327		4,250	255,330		255,330			
1999	Timothy F. Cullen	Vice President, BCBSUW; Chairman of the Board, UGS	217,971	0	10,815		4,000	232,786		232,786			

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Cobalt Compensation: 1996-2002

(based in Wisconsin)

Data 2 of 3

	Name	Title	Salary	Bonus	Other Annual Comp	LTIP Payouts	All Other Annual Comp	Total (D-J)	Grant Date Present Value or Potential Realizable Value at 5%	Total Annual Compensation (J+K)	Shares Acquired on Exercise (Value Realized)	Value of Unexercised in the Money Options/SARS (Exercisable)	Value of Unexercised in the Money Options/SARS (Unexercisable)
2002	Gail L. Hanson	SVP, Treasurer & CFO	285,252	139,943	5,169		5,000	435,364	815,753	1,251,117	0	918,165	1,298,793
2001	Gail L. Hanson	SVP & CFO	285,602	71,813	4,922		4,250	346,387		346,387		62,645	187,936
2000	Gail L. Hanson	VP & CFO	248,256	0	4,323	0	4,250	256,829	415,974	672,803		0	0
1999	Gail L. Hanson	Title Unknown	170,070	0	4,036	0	4,000	178,106		178,106			
1998	Gail L. Hanson	Title Unknown	127,200	27,476	2,345	0	3,180	160,201		570,175			
2002	Penny J. Siewart	SVP, Individual and Specialty Risk	281,827	131,413	960		5,000	399,000	717,882	1,116,882	612,003	988,588	1,256,133
2001	Penny J. Siewart	SVP of Regional Services	254,004	58,515	6,051		4,250	320,820		320,820		62,645	187,936
2000	Penny J. Siewart	VP of Regional Services	249,830	0	5,726		4,250	259,606	415,974	675,580		0	0
1999	Penny J. Siewart	VP of Regional Services	229,077	0	12,425		4,000	245,502	332,827	578,329		0	0
1998	Penny J. Siewart	VP of Regional Services	208,784	44,873	8,659	26,536	4,000	288,852	715,310	1,004,162		0	51,413
1997	Penny J. Siewart	VP of Regional Services	174,578	18,190	0	2,061	4,000	198,827		198,827			
1996	Penny J. Siewart	VP of Regional Services	163,152	53,677	1,737	0	3,017	221,583		221,583			
2002	James E. Hartert, MD	VP & Chief Medical Officer	288,743	283,502	4,299		5,000	579,544	652,602	1,232,146	886,288	304,714	1,158,793
2001	James E. Hartert, MD	VP & Chief Medical Officer	273,057	29,436	3,908		4,250	310,651					
2000	James E. Hartert, MD	VP & Chief Medical Officer; President, Innovative Resource Group LLC	243,838	0	1,692	0	4,250	249,780	415,974	665,754		0	0
1999	James E. Hartert, MD	VP & Chief Medical Officer; President, Innovative Resource Group LLC	210,006	0	0	0	4,000	214,006	121,766	335,772		0	0
1998	James E. Hartert, MD	VP & Chief Medical Officer; President, Innovative Resource Group LLC	193,740	37,954	0	0	4,000	235,694		235,694			
1997	James E. Hartert, MD	VP & Chief Medical Officer; President, Innovative Resource Group LLC	182,004	18,928	0	0	1,517	202,449		202,449			
2002	Michael Bernstein	President and Chief Operating Officer	459,209	520,000	7,382		5,000	991,571	2,475,989	3,467,560	0	164,938	1,060,938
2001	Michael Bernstein	President and Chief Operating Officer	250,800	53,847	19,385		4,250	328,282		328,282			
2000	Michael Bernstein	President and Chief Operating Officer	230,000		2,126		4,250	236,376		236,376			

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Cobalt Compensation: 1996-2002
(based in Wisconsin)

Data 3 of 3

	Name	Title	Salary	Bonus	Other Annual Comp	LTIP Payouts	All Other Annual Comp	Total (D-J)	Grant Date Present Value or Potential Realizable Value at 5%	Total Annual Compensation (J+K)	Shares Acquired on Exercise (Value Realized)	Value of Unexercised In the Money Options/SARS (Exercisable)	Value of Unexercised In the Money Options/SARS (Unexercisable)
1999	C. Edward Mordy	VP & CFO	228,567	0	49,446	0	4,000	280,033	332,827	612,860		0	0
1998	C. Edward Mordy	VP & CFO	211,080	39,281	3,555	28,095	4,000	285,991	515,317	801,308		142,707	52,413
1997	C. Edward Mordy	VP & CFO	184,848	20,333	3,385	2,370	4,000	214,936		214,936			
1996	C. Edward Mordy	VP & CFO	176,040	55,805	3,106	0	3,750	238,701		238,701			
1999	Mary I. Traver	VP; President, Compcare Health Services Insurance Corporation	185,997	0	4,417	0	4,000	194,414	0	194,414		0	0
1998	Mary I. Traver	VP; President, Compcare Health Services Insurance Corporation	168,838	48,963	4,332	55,166	3,985	281,282		281,282			
1997	Mary I. Traver	VP; President, Compcare Health Services Insurance Corporation	162,516	9,751	2,134	0	4,000	178,401		178,401			
1998	Roger A. Formisano	Former EVP & COO; President of Compcare Health Services Insurance Corporation and Meridian Resource Corporation	284,996	0	3,817	35,164	4,000	307,977	921,325	1,229,302		71,354	52,413
1997	Roger A. Formisano	Former EVP & COO; President of Compcare Health Services Insurance Corporation and Meridian Resource Corporation	244,536	22,008	904	2,894	4,000	274,342		274,342			
1996	Roger A. Formisano	Former EVP & COO; President of Compcare Health Services Insurance Corporation and Meridian Resource Corporation	235,128	61,804	3,424	0	3,750	303,906		303,906			

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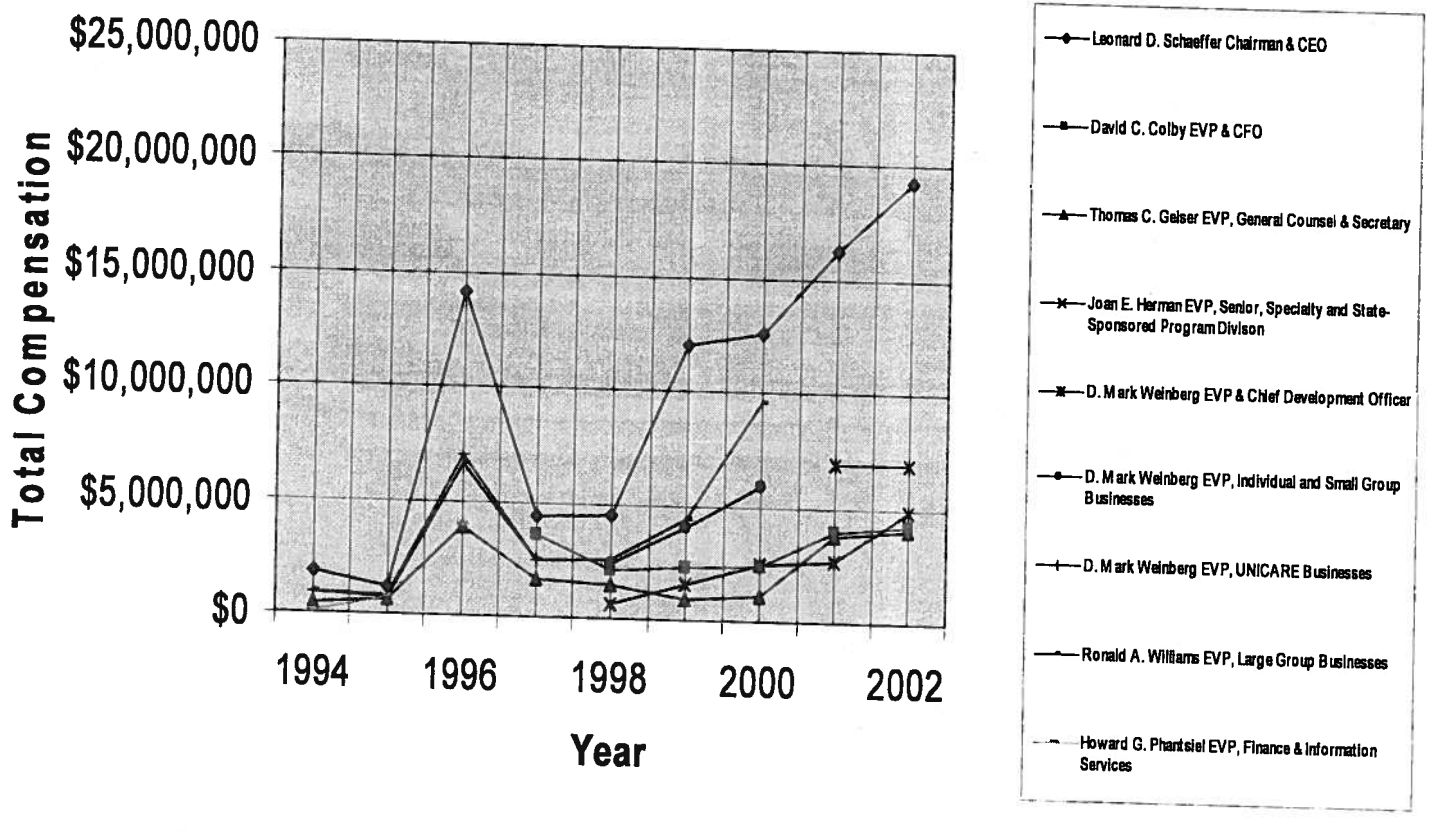
Wellpoint Compensation: 1994-2002
(based in California)



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Wellpoint Compensation: 1994-2002
(based in California)

Data 1 of 3

	Name	Title	Salary	Bonus	Other Annual Comp	Restricted Stock Awards	LTIP Payouts	All Other Annual Comp	Total (D:I)	Grant Date Present Value or Potential Realizable Value at 5%	Total Annual Compensation (J+K)	Shares Acquired on Exercise (Value Realized)	Value of Unexercised In-the Money Options/SARS (Exercisable)	Value of Unexercised In-the Money Options/SARS (Unexercisable)
2002	Leonard D. Schaeffer	Chairman & CEO	1,248,155	5,690,916	140,342	0		207,362	7,284,795	11,981,582	19,266,377	14,480,737	65,999,271	15,106,708
2001	Leonard D. Schaeffer	Chairman & CEO	1,178,925	4,437,500	135,559	0		169,688	5,919,672	10,330,880	16,250,552	4,142,707	46,581,170	14,131,417
2000	Leonard D. Schaeffer	Chairman & CEO	1,076,922	3,344,878	141,868	0		192,125	4,755,591	7,822,930	12,578,521	6,371,874	42,303,990	14,483,839
1999	Leonard D. Schaeffer	Chairman & CEO	999,992	2,200,700	129,849	0		133,557	3,464,098	8,620,295	12,084,393	5,963,740	11,379,383	3,058,737
1998	Leonard D. Schaeffer	Chairman & CEO	977,951	115,000	4,727	317,531		105,814	1,521,023	2,967,259	4,488,282	384,450	22,004,817	13,107,289
1997	Leonard D. Schaeffer	Chairman & CEO	890,367	630,000	3,757	0		105,807	1,629,751	2,808,440	4,438,191	0	546,109	2,370,369
1996	Leonard D. Schaeffer	Chairman & CEO	744,524	532,440	12,908	0	5,475,049	245,777	7,010,698	7,173,773	14,184,471	0	0	0
1995	Leonard D. Schaeffer	Chairman & CEO	638,005	305,280	0	0	138,913	93,818	1,172,016		1,172,016			
1994	Leonard D. Schaeffer	Chairman & CEO	629,082	283,020	0	0	806,756	96,366	1,815,226		1,815,226			
2002	David C. Colby	EVP & CFO	541,231	1,335,000	5,377	0		58,875	1,940,283	2,313,576	4,253,859	0	20,135,850	3,920,715
2001	David C. Colby	EVP & CFO	502,239	1,108,000	5,185	0		48,771	1,662,175	2,258,292	3,920,467	0	11,927,036	3,814,236
2000	David C. Colby	EVP & CFO	459,846	842,110	5,856	0		41,969	1,149,581	1,243,224	2,392,805	0	9,401,813	4,274,000
1999	David C. Colby	EVP & CFO	423,154	374,800	3,900	316,750		35,752	1,154,356	1,164,209	2,318,565	0	1,020,345	716,219
1998	David C. Colby	EVP & CFO	405,654	300,000	289,056	211,688		24,176	1,230,574	869,287	2,099,861	0	1,280,653	3,617,980
1997	David C. Colby	EVP & CFO	123,077	169,300	33,877	706,250		138	1,032,642	2,529,023	3,561,665	0	0	0
2002	Thomas C. Geiser	EVP, General Counsel & Secretary	501,577	1,138,613	5,377	0		55,615	1,701,182	2,313,576	4,014,758	0	10,840,254	3,920,715
2001	Thomas C. Geiser	EVP, General Counsel & Secretary	473,770	998,213	5,185	0		47,888	1,525,034	2,258,292	3,783,326	0	5,473,489	3,721,912
2000	Thomas C. Geiser	EVP, General Counsel & Secretary	431,462	638,723	5,105	0		39,691	1,114,981		1,114,981			
1999	Thomas C. Geiser	EVP, General Counsel & Secretary	390,504	320,000	4,887	158,375		32,911	906,677		906,677			

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Wellpoint Compensation: 1994-2002
(based in California)

Data 2 of 3

	Name	Title	Salary	Bonus	Other Annual Comp	Restricted Stock Awards	LTIP Payouts	All Other Annual Comp	Total (D:I)	Grant Date Present Value or Potential Realizable Value at 5%	Total Annual Compensation (J+K)	Shares Acquired on Exercise (Value Realized)	Value of Unexercised In-the Money Options/SARS (Exercisable)	Value of Unexercised In-the Money Options/SARS (Unexercisable)
1998	Thomas C. Geiser	EVP, General Counsel & Secretary	347,709	240,000	29,727	105,844		30,500	753,780	745,103	1,498,883	0	8,847,032	4,365,812
1997	Thomas C. Geiser	EVP, General Counsel & Secretary	338,119	189,000	34,600	0		30,643	590,362	1,053,165	1,643,527	0	165,245	836,276
1996	Thomas C. Geiser	EVP, General Counsel & Secretary	321,002	155,000	35,989	159,750	1,007,791	63,085	1,742,617	2,103,586	3,846,203	0	0	0
1995	Thomas C. Geiser	EVP, General Counsel & Secretary	289,170	105,235	220,730	0	27,963	20,965	644,063		644,063			
1994	Thomas C. Geiser	EVP, General Counsel & Secretary	255,508	128,436	0	0	74,796	17,167	473,909		473,909			
2002	Joan E. Herman	EVP, Senior, Specialty and State-Sponsored Program Divison	472,385	1,148,250	5,377	0		51,160	1,675,172	2,909,238	4,584,410	4,785,129	2,462,405	3,920,715
2001	Joan E. Herman	EVP, Senior, Specialty and State-Sponsored Program Divison	438,462	945,183	5,165	0		42,926	1,431,716	1,221,228	2,652,944	597,614	2,473,916	3,583,426
2000	Joan E. Herman	EVP, Senior, Specialty and State-Sponsored Program Divison	401,000	710,730	5,105	0		37,683	1,154,518	1,345,641	2,500,159	148,436	1,315,035	3,531,250
1999	Joan E. Herman	EVP, Senior, Specialty and State-Sponsored Program Divison	368,962	350,000	10,831	0		27,416	755,209	780,940	1,536,149	2,180	36,735	75,000
1998	Joan E. Herman	EVP, Senior, Specialty and State-Sponsored Program Divison	195,192	192,525	121,663	154,844		9,437	673,661		673,661			
2002	D. Mark Weinberg	EVP & Chief Development Officer	614,231	1,025,708	0	0		70,007	1,709,944	5,186,911	6,896,855	12,338,257	530,307	4,972,300
2001	D. Mark Weinberg	EVP & Chief Development Officer	589,231	700,000	0	0		63,022	1,352,253	5,559,498	6,911,751	6,516,111	3,328,133	4,992,540
2000	D. Mark Weinberg	EVP, Individual and Small Group Businesses	561,923	778,201	0	0		49,740	1,387,864	4,485,901	5,873,765	7,569,548	6,634,370	5,777,500
1999	D. Mark Weinberg	EVP, Individual and Small Group Businesses	532,116	400,000	0	0		40,288	972,402	3,048,306	4,020,708	3,638,355	3,392,412	1,480,306
1998	D. Mark Weinberg	EVP, Individual and Small Group Businesses	516,158	250,000	0	0		41,383	807,539	1,580,773	2,388,312	2,387,175	7,966,048	6,314,024

Consumers Union

Wellpoint Compensation: 1994-2002
(based in California)

Data 3 of 3

	Name	Title	Salary	Bonus	Other Annual Comp	Restricted Stock Awards	LTIP Payouts	All Other Annual Comp	Total (D:I)	Grant Date Present Value or Potential Realizable Value at 5%	Total Annual Compensation (J+K)	Shares Acquired on Exercise (Value Realized)	Value of Unexercised In-the Money Options/SARS (Exercisable)	Value of Unexercised In-the Money Options/SARS (Unexercisable)
1997	D. Mark Weinberg	EVP, UNICARE Businesses	492,948	240,000	258,734	0		51,023	1,042,705	1,404,220	2,446,925	0	311,958	1,203,141
1996	D. Mark Weinberg	EVP, UNICARE Businesses	456,285	234,000	206,987	0	1,976,199	136,473	3,009,944	3,948,787	6,958,731	0	0	0
1995	D. Mark Weinberg	EVP, UNICARE Businesses	407,075	157,538	172,490	0	42,736	51,097	830,936		830,936			
1994	D. Mark Weinberg	EVP, UNICARE Businesses	395,134	173,414	0	0	345,210	39,288	953,044		953,044			
2000	Ronald A. Williams	EVP, Large Group Businesses	588,846	968,177	5,105	0		63,539	1,625,667	7,936,674	9,562,341	11,579,964	4,616,425	6,248,250
1999	Ronald A. Williams	EVP, Large Group Businesses	532,116	582,000	4,887	0		48,055	1,147,058	3,300,808	4,447,866	2,419,835	3,688,595	1,480,306
1998	Ronald A. Williams	EVP, Large Group Businesses	516,155	300,000	4,727	0		46,280	867,142	1,744,971	2,612,113	1,934,730	8,461,702	8,315,065
1997	Ronald A. Williams	EVP, Blue Cross of CA Businesses	489,424	285,000	204,701	0		70,399	1,049,524	1,404,220	2,453,744	0	298,499	1,189,767
1996	Ronald A. Williams	EVP, Blue Cross of CA Businesses	430,888	238,743	157,483	0	1,886,031	134,256	2,827,381	3,778,006	6,605,387	0	0	0
1995	Ronald A. Williams	EVP, Blue Cross of CA Businesses	371,612	143,614	125,970	0	39,043	47,741	728,180		728,180			
1994	Ronald A. Williams	EVP, Blue Cross of CA Businesses	360,710	185,572	0	0	316,443	37,272	879,997		879,997			
1998	Howard G. Phanstiel	EVP, Finance & Information Services	358,077	294,000	30,000	0	1,042,858	80,859	1,805,594	2,162,572	3,968,166	0	0	0
1995	Howard G. Phanstiel	EVP, Finance & Information Services	350,000	148,000	244,161	0	10,288	18,366	770,815		770,815			
1994	Howard G. Phanstiel	EVP, Finance & Information Services	22,885	100,000	10,198	0	0	1,030	134,113		134,113			

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Building and Maintaining an Accountable Foundation

- Mission – needs to be "as close as possible" to the mission of BCBS
- Community Needs Assessment – to figure out the needs
- Board – no conflicts of interest, representative of the community, proper expertise
- Spending Policies and Community Investment Policies
- Transparency – Open Meetings

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