

Impact: More than 4.3 million North Carolinians are Blue Cross Blue Shield of North Carolina (BCBSNC) policyholders.ⁱ Under House Bill 346 and Senate Bill 296,ⁱⁱ BCBSNC is attempting to “restructure” so it can set up a parent “nonprofit holding company.” This parent company would not be a regulated insurance company and could threaten affordability and coverage for millions across the state. Despite having over \$10 billion of revenueⁱⁱⁱ in 2022 and controlling 80 percent of the market share for individual and group health insurance in 2021,^{iv} BCBSNC claims it needs to restructure to be “competitive.”

Background: Under N.C. General Statute 58-65-131(a),^v the General Assembly has determined that if a company converts its structure from a nonprofit to a for-profit company, then the full value of the nonprofit must be placed into a charitable foundation that promotes the health of all North Carolinians.

In 2003, BCBSNC attempted to convert into a for-profit company, but stopped its plans after the Department of Insurance raised concerns that North Carolinians would be negatively impacted by higher insurance rates and premiums.

Under HB 346 and SB 296, BCBSNC can circumvent informing the public of how the proposed “restructuring” may impact premiums, cost, network adequacy, and care for BCBSNC policyholders.

- With more than 4.3 million North Carolinians who rely on BCBSNC for care and coverage, BCBSNC’s backdoor attempt to avoid complying with current conversion statutes raises serious concerns about affordability and care.
- Current conversion statutes require premium rate analyses of the new proposed company’s plans and products, along with a forecasted effect on how the conversion will impact costs to policyholders.
- By circumventing the legal process of conversion, **BCBSNC can withhold key information** from the Department of Insurance on how its proposed restructuring would impact policyholders.

Research shows that Blue Cross plans converted in other states become more vulnerable to out-of-state ownership, reducing quality of care and services while increasing costs for policyholders.^{vi}

- Regulators in other states, such as Kansas and Maryland, have rejected Blue Cross plans to convert into for-profit companies citing concerns of significant rate increases in the individual and small group products and risk for acquisition from out-of-state companies.^{vii}
- The proposed restructuring of BCBSNC is a creative backdoor to avoid a full conversion to a for-profit company. Therefore, the public and the North Carolina General Assembly should be seriously concerned about the possibility of out-of-state acquisitions.

The proposed bill authorizes BCBSNC to drain nonprofit assets that should remain protected for the exclusive purpose of benefitting the health of North Carolinians.

- BCBSNC already has tremendous business flexibility; as of 2021, it controlled 80 percent of the market share for individual and group health insurance.^{viii} Under current North Carolina law, BCBSNC can already use 40 percent of its assets for for-profit purposes.
- By allowing a hyper-dominant company even more “flexibility” to “compete” in our state’s insurance market, we risk leaving consumers with even fewer choices for lifesaving insurance products.

References

- ⁱ [Blue Cross Blue Shield of North Carolina: About Us](#)
- ⁱⁱ [House Bill 346; Senate Bill 296](#)
- ⁱⁱⁱ [Annual Statement for the Year 2022 of the Blue Cross and Blue Shield of North Carolina](#)
- ^{iv} [BCBSNC market share for N.C. individual policies; BCBSNC market share for group policies](#)
- ^v [N.C. General Statutes Chapter 58, Section 65-131\(a\)](#)
- ^{vi} [The Impact of Blue Cross Conversions on Accessibility, Affordability, and the Public Interest](#)
- ^{vii} [FOR-PROFIT CONVERSION OF BLUE CROSS PLANS: Public Benefit or Public Harm?](#)
- ^{viii} [BCBSNC market share for N.C. individual policies; BCBSNC market share for group policies](#)