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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# HOUSE RESOLUTION

No. 112 Session of  
2003

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INTRODUCED BY CURRY, BEBKO-JONES, BELARDI, BELFANTI, BROWNE,  
CAWLEY, CRUZ, DeLUCA, EACHUS, FLICK, FRANKEL, GEORGE,  
GOODMAN, GRUCELA, HARHAI, HENNESSEY, HORSEY, JOSEPHS,  
LEVANSKY, MACKERETH, MELIO, MUNDY, PALLONE, PRESTON,  
SOLOBAY, SURRA, THOMAS, TIGUE, WALKO, WANSACZ, WASHINGTON AND  
YOUNGBLOOD, MARCH 4, 2003

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REFERRED TO COMMITTEE ON RULES, MARCH 4, 2003

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## A RESOLUTION

1 Establishing and directing a select committee of the House of  
2 Representatives to examine matters relating to the surpluses  
3 of Independence Blue Cross of Philadelphia, Highmark, Inc.,  
4 and Capital Blue Cross of Harrisburg.

5 WHEREAS, Independence Blue Cross of Philadelphia, Highmark,  
6 Inc., and Capital Blue Cross of Harrisburg are nonprofit  
7 corporations; and

8 WHEREAS, Independence Blue Cross of Philadelphia has a  
9 reported surplus of \$689.6 million, nearly 70% more than its  
10 required reserve; and

11 WHEREAS, Highmark, Inc., has a reported surplus of \$2.1  
12 billion, 400% more than its required reserve; and

13 WHEREAS, Capital Blue Cross of Harrisburg has a reported  
14 surplus of \$616.4 million, 700% more than its required reserve;  
15 and

16 WHEREAS, Those surpluses could have been reduced by \$2.2  
17 billion last year and still have met minimum reserve levels set



1 by the Insurance Department; and

2 WHEREAS, The three companies have raised premium rates an  
3 average of 10% to 15% annually in recent years while, at the  
4 same time, reimbursement rates to hospitals and physicians have  
5 stagnated in many cases and gone down in still others; and

6 WHEREAS, These companies, because of their nonprofit status,  
7 are exempt from paying the 2% insurance premium tax; and

8 WHEREAS, The mission of these companies is to be "charitable  
9 and benevolent" institutions; and

10 WHEREAS, Excess surpluses defy this mission as well as  
11 nonprofit laws in this Commonwealth; therefore be it

12 RESOLVED, That a select committee of the House of  
13 Representatives be created for the purpose of investigating the  
14 surpluses of Independence Blue Cross of Philadelphia, Highmark,  
15 Inc., and Capital Blue Cross of Harrisburg; and be it further

16 RESOLVED, That the select committee be composed of 15 members  
17 as follows:

18 (1) Eight members appointed by the Speaker of the House  
19 of Representatives.

20 (2) Seven members appointed by the Minority Leader of  
21 the House of Representatives;

22 and be it further

23 RESOLVED, That the select committee may hold hearings and  
24 take testimony at such places as it deems necessary in this  
25 Commonwealth; and be it further

26 RESOLVED, That the Insurance Committee and the Appropriations  
27 Committee assist the select committee to the fullest extent  
28 possible; and be it further

29 RESOLVED, That the ordinary and reasonable expenses incurred  
30 by the select committee, including contracting for specialized



1 services, be paid from accounts under the control of the Chief  
2 Clerk; and be it further

3 RESOLVED, That the select committee report its findings and  
4 recommendations no later than May 30, 2003, to the House of  
5 Representatives.