

**Subject: Capital BlueCross Sicko memo**  
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**From:** [REDACTED]  
**To: <mmflint@aol.com>**  
**Conversation: Capital BlueCross Sicko memo**

[The following memo was written by Barclay Fitzpatrick, VP of Corporate Communications for Capital BlueCross]

I was able to see Sicko last night in Lancaster. There were about 30 other viewers in the theatre covering all age groups. I have attached the well-written memo from one of our partners, which describes cases used in the movie, to the end of my memo. Also attached are the latest talking points from BCBSA. I will focus on impact to our brands, issues, and suggested strategies in this memo.

#### The Movie

You would have to be dead to be unaffected by Moore's movie, he is an effective storyteller. In Sicko Moore presents a collage of injustices by selecting stories, no matter how exceptional to the norm, that present the health insurance industry as a set of organizations and people dedicated to denying claims in the name of profit. Denial for treatments that are considered "experimental" is a common story, along with denial for previous conditions, and denial for application errors or omissions. Individual employees from Humana and other insurers are interviewed who claim to have actively pursued claim denial as an institutionalized goal in the name of profit.

While Humana and Kaiser Permanente are demonized, the BlueCross and BlueShield brands appear, separately and together, visually and verbally, with such frequency that there should be no doubt that whatever visceral reaction his movie stirs will spill over onto the Blues brands in every market. Here are some examples:

- \* Horizon BlueCross/BlueShield is picked out early in the film in a collage of stories citing bad treatment of members.
- \* BCBSA is cited for rejecting a woman for coverage due to a high BMI - "too fat" is written across the screen over a copy of her application denial letter, which describes the BMI rejection.
- \* BlueShield of California denied coverage for a diagnostic test, which the patient later received overseas. Patient sues BS of CA and medical director admits to not 'seeing' the actual denial letter, which was given an electronic signature.
- \* BlueCross of California denied payment for a major surgery after they discovered a previous yeast infection, then dropped the person for coverage. This is followed by an interview with a person who claims to have been a specialist at finding inaccuracies in applications to enable post-treatment payment denials.
- \* A BCBSA card is shown while the narrator describes how they (insurers) got wealthy.

In typical Moore fashion, Government and business leaders are behind a conspiracy to keep the little guy down and dominated while getting rich. Nixon Oval Office tapes are used to show how the initial idea of a 'less care = profit' enterprise was supported by the administration and became the HMO paradigm. Legislators are presented as bought stooges for the political agendas of insurers and big Pharma. Insurers are middlemen in the Medicare Modernization Act - which is presented as a trick to charge seniors more for their prescription drugs.

Doctors are barely touched - only in the course of discussing the AMA's work to sink early efforts in the 40's and 50's to start universal health care. He takes efforts to show that doctors live well in other countries despite the existence of universal health care. In follow-up interviews, Moore has stated that he has spoken to and knows many doctors, and "doctors aren't the problem".

In the second half of the movie, Moore walks us through individual stories of the Canadian, British, French, and Cuban health care systems where everything is free and - he reminds us repeatedly - no one is ever denied service because they can't pay. In addition to health care, the government provides free day care, college, and someone to do your laundry. Everybody gets along and takes care of each other and life is beautiful because there is universal health care. As a viewer, you are made to feel ashamed to be an American, a capitalist, and part of a 'me' society instead of a 'we' society - and the lack of universal health care is held up in support of that condemnation.

#### The Impact

Moore's movies are intentionally intense and his objective in Sicko seems to be to revive the earlier Clinton efforts - not to achieve universal coverage with this movie, but to push the topic to the top of the agenda. He will be just as successful whether proponents mount momentum or discussion entails key stakeholders defending why it won't work.

As a health care industry educated viewer it is easy to pick out where Moore is cultivating misperceptions to further a political agenda, but you will also recognize that 80%+ of the audience will have their perceptions substantially affected. In demonstration of its impact, an informal discussion group ensued outside the theatre after the movie. While some people recognized how one-sided the presentation was, most were incredulous and "I didn't know they (the insurers) did that!" was a common exclamation followed by a discussion of the example.

The unfortunate reality for Capital BlueCross is that as the market leader, we will be affected both in brand and as employees as Moore's efforts in the movie and surrounding PR activity are seen by more of the community. The impact on industry savvy Sales' contacts should be minimal, while the impact on small business decision makers, our members, the community, and our employees could be significant. Ignoring its impact might be a successful strategy only if it flops, but that has not been the history of Moore's films nor the way this one appears to be headed. If popular, the movie will have a negative impact on our image in this community.

There should be no doubt that many of our employees will be asked what they think of the movie by friends, family, and neighbors. We should anticipate that our customer service people will be asked about particular cases from the movie and if we follow similar policies. Word and phrases we have routinely used to date in policy change communications or denial letters, such as "Investigational", will be seen as affirming the film's contentions. The national BCBSA response - while coming out against the film's divisiveness and focusing on the positive work of the Blues - steers media inquiries about policies and denials back to the plans themselves.

There are 4 key areas of misperception cultivated by the movie that we should consider in any messaging strategy:

1. That the industry is all about HMO's. Moore cultivates this further in his interviews. The reality is that HMO's are a minority product and have been for some time.
2. The movie attacks insurers for a profit motive, but makes no distinction among for-profit and non-profit insurers, and in its execution places the Blue Plans together with the for-profit insurers.
3. All plans and employees - from leaders to service representatives - are painted as motivated by profit to deny claims, and only those with crisis of conscience have come forward to confess their sins.
4. Perhaps most damaging of all, Moore completely fails to address the most significant driver of health care costs - our own lifestyle choices - and seeks to focus attention and efforts on the alluring 'quick-fix' of universal health care. It has taken a generation of poor nutrition and exercise to get obesity and related health issues - and subsequent costs - to their current levels, and Moore's movie fails to acknowledge the causal relationship or need to change (he briefly touches the subject in a non-memorable way). Contrast this to the recent Health Care Symposium held in Harrisburg - where a panel of representatives from Government, Insurance, Hospitals, Business, Physicians, and even Lawyers agreed on one thing - that there was no quick fix and that Health and Wellness was the critical area of focus.

#### Suggestions

I believe the most successful strategy will not be in attacking the movie for its weaknesses or misperceptions, but in distancing ourselves and our brand from the groups and motivations he attacks, demonstrating the good that we do and achieve (aligns with BCBSA strategy), and in articulating our disappointment that he did not address the truly relevant issue of improving our health and wellness. We will convene a team to consider other approaches and work on potential messages for media inquiries, customer service, and employees.

Confidential Memo (from partner)

SICKO - viewed on 6/26/2007

Takeaways

\* The main theme of the movie is that American society needs to focus on the "we" and not the "me" in healthcare.

o This broad message is an overlay for the specific criticisms of the healthcare industry - the movie asks where the morality of the American public lies and contrasts America's approach to health care unfavorably with other nations.

\* SiCKO does not go into any depth about how health insurers operate how the health insurance business works - instead it fixates on what it characterizes as the profit incentive to deny care to patients (e.g. examples of barriers to getting health insurance if you are not healthy; examples of people being denied expensive tests or procedures; examples of efforts to deny reimbursement after care has been received.)

\* The film draws no distinction between not-for-profit and for-profit insurers - in fact the Blue Cross/Blue Shield brand is intermixed with the for - profit brands as background reference points.

o One scene shows a Blue Cross / Blue Shield logo as Michael Moore's voice over begins, "While the healthcare companies get wealthy..."

\* The health insurers that get the most airtime are:

- o Kaiser Permanente
- o Humana
- o CIGNA
- o Blue Cross of California
- o Aetna

\* No Pharma companies are mentioned - but SiCKO suggests in multiple instances that prescription drugs are overpriced

- o At a pharmacy in London, prescription drugs are £6.65, no matter how large the dose
- o In Cuba, one bankrupt 9/11 worker's inhaler costs 5 cents, instead of \$100

#### Further Notes

\* Some of the examples of denial of care highlighted in the film:

o A woman with Kaiser Permanente takes her 18-month daughter to the hospital in an ambulance, only to be told to go to an in-network hospital. By the time they reach the second hospital, her daughter has stopped breathing and dies 30 minutes later in ER.

o A woman with Blue Shield of California has a tumor but is denied requests to get an MRI, or to see a specialist. While on vacation in Japan she is given an MRI, and eventually returns to the U.S. to demand treatment from her insurer.

\* In the ensuing court case, a doctor admits to denying her request without having reviewed it.

o Blue Cross of California approves one woman's \$7,500 treatment, but the approval is later denied for her failure to report a previous medical incident - a yeast infection.

\* "They're just looking for a way out," she says

\* Other examples of how health insurers avoid paying for treatment:

o One graph (from Humana) shows that doctors with the highest % of denials get a bonus.

o Michael Moore interviews a former health insurance employee who specialized in denying care to patients retroactively - by finding inconsistencies in their medical records.

o A 5-minute piece in the beginning of the movie .

\* The film also focuses on the politicians and the funds they raise from Pharma and other

player in the health care industry and alleges that the system has been heavily influenced by lobbyists and contributions.

Barclay Fitzpatrick  
Vice President  
Corporate Communications  
Capital BlueCross  
(w) 717-541-7752  
(c) 717-329-3648  
barclay.fitzpatrick@capbluecross.com

<<MichaelMooreTalkingPoints61807.doc>>

Blue Cross and Blue Shield Association  
Talking Points in Response to Michael Moore's "Sicko"  
June 2007

- 1) The Blue Cross and Blue Shield Association (BCBSA) and the 39 Blue Cross and Blue Shield companies are committed to improving the U.S. healthcare system for our nearly 100 million members through continuous innovation that reflects the ever-changing healthcare landscape and the needs of the consumer.
- 2) The Blues recognize the need for improvement of both the coverage and delivery of healthcare. But the divisive tone set forth by Michael Moore and his movie "Sicko" is not helpful. Positive change to our healthcare system can be best achieved through shared responsibility, not recrimination. To ensure Americans have access to the best healthcare that is both timely, efficient, and of high quality, requires the collective contribution of all stakeholders – consumers, providers, employers and the government.
- 3) The Blues participation in the Health Coverage Coalition for the Uninsured is a primary example of how the broader healthcare community is working together to reduce the number of uninsured in the United States.
- 4) The Blues are working on myriad initiatives that ensure Americans have access to quality and affordable healthcare. Each day, Blue Plans across the country are bringing healthcare value to their members in a number of ways such as new advances in health information technology and greater access to cost and quality information. In addition:
  - o The Blues recently created Blue Health Intelligence a data resource that will shine light on emerging medical trends and treatment options in an unprecedented way. To further the use of evidenced-based medicine, BCBSA has called upon Congress to establish an independent, payer-funded institute that will study the comparative effectiveness of new and existing medical treatments and procedures.
  - o Blue Cross and Blue Shield companies are at the forefront of healthcare transparency by providing their members with online access to real-time information related to provider quality and the cost of common healthcare services. In addition, the Blues have committed to making personal health records available to their members by 2008.
  - o We are working to ensure that Medicare is funded appropriately and that seniors continue to have access to comprehensive benefits.
- 5) The Blues are proud of these efforts and we will continue to work with consumers, providers, employers and the government to provide Americans with the healthcare services and information they need to lead full, healthy lives.