

# May 18, 2010 – Media Round- Up

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**WISH 8** had the best TV

coverage: [http://www.wishtv.com/dpp/news/local/marion\\_county/bushs-brother-collapses-at-indianapolis-meeting](http://www.wishtv.com/dpp/news/local/marion_county/bushs-brother-collapses-at-indianapolis-meeting)

**WTHR 13** coverage wasn't bad: <http://www.wthr.com/Global/story.asp?S=12500358>

**The AP** story went far and wide, for example, this from

Tampa: <http://www2.tbo.com/content/2010/may/18/brother-george-hw-bush-collapses-wellpoint-meeting/news-money/>

**The Indy Star** <http://www.indystar.com/article/20100519/BUSINESS03/5190343/Director-s-collapse-shortens-WellPoint-annual-meeting>

**The IBJ** likewise had a little different angle: <http://www.ibj.com/shareholders-want-wellpoint-to-become-notforprofit/PARAMS/article/19125>

**Wall Street Journal** Excellent piece by Avery Johnson which contains quite a lot of useful new information about the problems WLP is

having: [http://online.wsj.com/article/SB10001424052748704912004575252743321071832.html?mod=WSJ\\_hpp\\_LEFTWhatsNewsCollection](http://online.wsj.com/article/SB10001424052748704912004575252743321071832.html?mod=WSJ_hpp_LEFTWhatsNewsCollection)

Gone international, **The India**

**Times** <http://iplextra.indiatimes.com/article/08ai8wS5U9bZC?q=Indianapolis>

My brother lives in Singapore, so seeing that it made the **Straits Times** was the

best: [http://www.straitstimes.com/BreakingNews/World/Story/STISStory\\_528245.html](http://www.straitstimes.com/BreakingNews/World/Story/STISStory_528245.html)

The Warren Buffett story is worth looking at too: <http://www.businessweek.com/news/2010-05-17/buffett-s-berkshire-disposes-stake-in-unitedhealth-wellpoint.html>, and the

**IBJ**: <http://www.ibj.com/buffett-bails-on-wellpoint/PARAMS/article/20024>

AND, my newest Huffington Post piece finally came out tonight! [WellPoint CEO Angela Braly: "Scrappy" and Looking More Like Sarah Palin Every Day](#)

## Statement for WellPoint/Anthem Annual Shareholders Meeting May 18, 2010

[Read **Proposal No. 3, shareholder proposal concerning a feasibility study for converting to nonprofit status** and the supporting statement]

Please allow me to make a few brief comments on this proposal.

I have been a student of the history of WellPoint /Anthem, and Blue Cross/Blue Shield going back to the origins of the Blues in Texas in 1929. WellPoint today bears little or no resemblance to the original Blue Cross movement, even though it still basks in the glow of the Blue Cross brand. That its mission and methods have changed dramatically is not inherently good or bad.

WellPoint is embattled in controversy and awash in negative publicity that I do not need to detail here (as I have at previous annual meetings). The risk this controversy has for the company and its shareholders is clear, and is spelled out on page 28 of the Company's SEC filing (Form 10-K), which you should all have received.

Under Item IA. Risk Factors, we find the heading "**The health benefits industry is subject to negative publicity, which can adversely affect our business and profitability.**" The two paragraphs that follow outline the issues, and I will not read them, but the point is clear: continued controversy and a never-ending stream of bad press ARE a risk to investors.

Why would a long-term investor searching for maximum returns be concerned about WellPoint's future?

To answer this, I can cite no better source than Mr. Allan Hubbard, who served in the GW Bush administration and whom many of you on the Board know, as he is a former Director of the Company. He spoke at Indiana University on April 6, 2010. Addressing a sizeable audience on the topic of healthcare reform, he bemoaned the lack of cost controls in the reform bill. He feared that the bill would become too costly over time, and near the end of his remarks made this prediction, "My guess is that in 15 years we will have a single payer health plan, Medicare for all."

He explained that the function of insurance companies as middlemen – he used the term intermediaries – leaves them vulnerable to political and popular attack, and that as healthcare reform moves forward, Congress and the people will turn on the insurance industry as a way to cut costs by eliminating their overhead.

We don't know when that tipping point may come. In the case of the housing market it came quite suddenly. Will Congress and the American people deem WellPoint "too big to fail" and fund a bail out?

When the health insurance bubble bursts, those who got out early will fare the best.

When fiduciary responsibility is assessed, those who were prudent will be rewarded.

After 4 years of coming to these annual meetings, I have my doubts about whether WellPoint can reform itself. In last Sunday's New York Times, in the article on WellPoint "A Scrappy Insurer Wrestles With Reform," an industry analyst named Robert Laszewski is quoted, "WellPoint is the most incredibly tone-deaf insurance company in an industry full of deaf executives." My experience from these meetings is that this Board and executive leadership team hear what you want to hear and disregard the rest.

One option would be to elect new blood to the Board. This year the SEC is likely to enact what is called "Proxy Access" which would allow shareholders to make Board nominations directly onto the annual proxy statement. I may seek such a nomination for 2011, unless the Board itself might see fit to nominate me.

Thank you,

Rob Stone MD May 18, 2010