

Rob Stone, Karen Green Stone, and Julia Vaughn, shareholders in WellPoint Inc, have filed a resolution that will go out in the proxy information to all WellPoint shareholders in early April. The resolution will be voted on at the annual meeting in Indianapolis on Tuesday, May 18. Ask your church or fraternal organization to support this resolution. Ask your pension fund to vote in favor. Here is the exact wording that will be published:

WellPoint Shareholder Resolution for the 2010 Annual Meeting

Whereas, the United States allows too many people to suffer and die due to lack of adequate health insurance and this is threatening the economic stability of the country; and

Whereas, no country has achieved universal healthcare through for-profit health insurance; and

Whereas, in written statements WellPoint supports “the best healthcare value for our customers” and promises “to advocate for responsible healthcare reform”; and

Whereas, WellPoint has actively opposed President Obama’s healthcare reform efforts; and

Whereas, WellPoint was a nonprofit insurance company before it demutualized, raised capital through stock offerings, merged with, acquired, and demutualized other nonprofit Blue Cross/Blue Shield companies; therefore be it

Resolved, that the shareholders of WellPoint urge the board of directors to launch a feasibility study for returning to nonprofit status. This study, conducted at reasonable cost, with results made available to the stockholders, omitting any proprietary information, should be completed within nine months of the 2010 shareholder meeting.

Supporting Statement:

Investors are concerned about the effects of runaway health costs on the economy, and the crisis of over 46 million uninsured. Recent studies show 45,000 people a year die because they lack health insurance (*American Journal of Public Health* 9/17/09). Tens of millions more are underinsured, able to afford coverage only through policies with huge deductibles and out of pocket expenses. The impact of high deductible policies is seen in recent bankruptcy data showing 62% of personal bankruptcies caused by illness and medical bills, but 78% of those declaring bankruptcy for medical reasons had insurance when they became ill (*American Journal of Medicine* 8/09). WellPoint has been a leader in marketing high deductible policies, specifically under the Tonik label.

From 1999 to 2008 American health insurance premiums increased 119% while workers earnings and overall inflation rose 30% (*Bureau of Labor Statistics*). Businesses cannot continue to afford covering their employees. The Hewitt Associates study “*The Road Ahead: 2009*” found 1 in 5 employers are planning to drop health benefits in the next 3 to 5 years. This system is unsustainable.

Studies show 31% of US healthcare spending is attributed to overhead. In comparison, Medicare runs 3.1% overhead. Most other developed nations spend less than 10% on overhead (*New England Journal of Medicine* 8/21/03). Nations with universal systems spend about half what

we spend on a per capita basis and have better health outcomes (*Organization for Economic Cooperation and Development*).

WellPoint reported its third quarter 2009 medical loss ratio at 81.1%. Medical loss ratio is the percentage of premiums that actually pays for care, and thus corresponds to 18.9% of premiums for overhead and profit. Although this is good for WellPoint's profitability and share price, it supports the argument that for-profit health insurance is a major reason for the discrepancy in overhead expenses between the US and other countries.

WellPoint's reputation has suffered as a consequence of the negative publicity surrounding its efforts to oppose healthcare reform. This resolution could change that.

Rob