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Cigna CEO Hanway: Obstacle to Health Insurance Reform

Wendell Potter and Natalin Sarkisyan are two of Edward Hanway's worst nightmares.

Hanway is the CEO of Cigna, the health insurance giant that has been the target of mounting protests by its victims and health reform advocates, including a demonstration Tuesday at its corporate headquarters in Philadelphia. More than 400 people participated in the protest, demanding that Cigna stop blocking health care reform. The Philadelphia protest was one of 150 events that day at cities around the country, all focusing on insurance companies' misdeeds and their efforts to thwart reform. The nationwide actions were sponsored by Health Care for America Now (HCAN), a broad coalition of community, religious, and labor groups that has built a grassroots movement for health care reform.

Potter, a former Cigna vice president of corporate communications, spoke at the Philadelphia rally. He apologized for his role, as a Cigna executive, in defeating health care reform during the Clinton administration as well as another piece of legislation, the Patients' Blil of Rights.

Since he quit his job at Cigna, Potter has become a crusader for reform and a major critic of the health insurance industry for its opposition to Obama's proposal.

"The people who support the public option," he said at the rally, "well outnumber the people who are trying to defeat reform."

This summer, Potter testified before Congress about the techniques insurers use to "dump the sick" and protect stock price at all costs. He told Congress that the industry is "beholden to Wall Street," and added, "I know from personal experience that members of Congress and the public have good reason to question the honesty and trustworthiness of the insurance industry."

Today Potter will join Congressman Bart Stupak (D-Menominee), chairman of the House Energy and Commerce Committee's Subcommittee on Oversight and Investigations on a telephone press conference to discuss the practice of rescissions by health insurance companies, as well as executive compensation practices of these companies. Rescissions are the insurance industry practice of dropping a policyholder when he or she becomes sick.

Natalin Sarkisyan wasn't at the Cigna protest but her spirit hovered over the event -- and her ghost is surely one of Hanway's nightmares. Sarkisyan was a 17-year-old from Glendale, Calif., who had leukemia and needed a liver transplant. Cigna said the procedure was "too risky", despite the fact that a liver was available and she had a 65 percent chance of survival after six months. As a result of public pressure and publicity, Cigna relented and agreed to pay for the procedure. But it was too late. In December 2007, Ms. Sarkisyan died for lack of the transplant hours after Cigna reversed its decision.

At the time, Mark Geragos, an attorney for Ms. Sarkisyan's family, charged that Cigna "literally, maliciously killed" Sarkisyan. "Cigna decided that they were going to take profits over this little, beautiful princess' life," Geragos said. "We believe that they single-handedly decided that they wanted to have her die and wait so they would not have to take the after-care coverage." Geri Jenkins, a registered nurse and member of the California Nurses Association, criticized Cigna's decision to deny the transplant: "Why didn't they just listen to the medical professionals at the bedside in the first place?" Jenkins said.

Other victims of Cigna's profits-before-people attitude have spoken out against the company at rallies and in media stories.

With 11.7 million customers, Cigna is one of the nation's largest health insurance companies. Its annual sales of $17.6 billion netted corporate profits of $1.1 billion last year.

"A lot of money [policyholders are] paying in premiums," Potter has said, "is going to make executives richer and richer every year."

Cigna CEO Hanway is exhibit number one. He is consistently on *Forbes* magazine's annual lists of the highest paid CEOs. Last year he received $12 million in Cigna compensation. Over the previous five years, his payouts have totaled more than $121 million.

Hanway will step down as CEO at end of this year after serving in that post for ten years. Then he'll have more time to enjoy one of his four homes. He has a house located at 1005 Bent Rd. in Media, Pa, a Philadelphia suburb. He also owns a home, valued at $5 million, at 160 16th Ave. in South Naples, Fla., a house at 166 72nd Street in Avalon, N.J. assessed at $10.1 million, and another house at 502 Saint Andrews Drive in Cape May, N.J. assessed at $413,626.

Before he retires, though, Hanway -- who also serves on the board of America's Health Insurance Plans, the industry's powerful lobby group -- hopes to help kill President Barack Obama's plan to create a "public option." This is essentially an expansion of Medicare for working families -- to create more competition and give consumers more choices.

Ironically, Cigna is one of a handful of insurance companies that dominates the insurance market in different parts of the country. The American Medical Association reports that 94 percent of insurance markets in more than 300 metropolitan areas are now highly concentrated. Cigna is one of two largest insurers that dominate many metro markets in Arizona, Georgia, Illinois, Indiana, Maine, Michigan, New Hampshire, North Carolina, South Carolina, Ohio, Tennessee, Alabama, Washington, and West Virginia.

Where one or two companies dominate the market, insurance corporations like Cigna can drive up premiums, restrict coverage, and take advantage of consumers. Nationwide, health insurance premiums have been rising much faster than family incomes. No wonder Cigna wants to quash potential competition from a public option.

To thwart such competition, and to limit government regulation of its practices, Cigna has spent millions of dollars -- dollars it gets from the families and businesses paying sky-high premiums -- to wield political influence.

According to the non-partisan Center for Responsive Politics, Cigna has spent $3 million lobbying Washington policymakers over the past two and a half years. In addition, Cigna employees and associates have contributed more than $385,000 to federal political campaigns over that same time period.

To help him wield Cigna's political muscle, Hanway has the backing of a powerful board of directors. The other Cigna directors have a web of corporate and political connections that supplements the company's campaign contributions and lobbying expenditures.

One is Robert Campbell, former chair Sunoco, the giant oil company, who also serves as a director of Vical Inc. John Partridge, another Cigna director, is President of VISA, the huge credit card corporation. James Rogers is CEO of Duke Energy Corp. as well as a director of Applied Materials, Inc. Eric Wiseman is chairman of VF Corporation, an apparel manufacturer. Donna Zarcone is CEO of D. F. Zarcone & Associates, LLC, a consulting firm, and former chief operating officer of Harley-Davidson Financial Services, and a director of Jones Apparel Group and a member of the Board of Managers of Wrightwood Capital, a privately held company. William Zollars is CEO is YRC Worldwide, Inc. (formerly Yellow Roadway Corporation), and a director of ProLogis Trust and Cerner Corporation.

Another Cigna director, Carol Cox Wait, is President of Boggs, Atkinson, Inc., a California-based real estate company. Harris, Cigna's Vice Chair, is also a director Deluxe Corporation and trustee of Wells Fargo Advantage Funds. Jane Henney, is a professor at the University of Cincinnati College of Medicine as well a director of AmerisourceBergen Corporation and AstraZeneca PLC. Peter Larson is former CEO of Brunswick Corporation. Roman Martinez is a private investor as well as a director of Alliant Techsystems and Barcardi Limited.

Cigna's Hanway is a member of the Business Roundtable, the powerful corporate lobby group comprised of the CEOs of the nation's largest companies. He also serves on the board of directors of The Philadelphia Orchestra.

Wendell Potter is working overtime to make sure that Hanway doesn't use his corporate connections to orchestrate the defeat of real health care reform.

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