Summary of Key Points of
Anthem Health Plans of Maine, Inc. v. Superintendent of Insurance, Maine Attorney General, and Consumers for Affordable Health Care

Brief Background of the Case

Anthem Health Plans of Maine sued the Superintendent of Insurance, the Maine Attorney General, and Consumers for Affordable Health Care. The company argued that Maine’s insurance code, Maine’s Constitution, and the U.S. Constitution required the Superintendent to guarantee the company a reasonable rate of return (profit). The company argued that since the industry average across the U.S. was 3% to 5% annually, the company was guaranteed a “built-in” profit margin in that range. The company argued that by providing less than the minimum 3%, the Superintendent forced the company to “cross subsidize” the individual products through group products. The company focused on the term “inadequate” in the standard of review in rate review proceedings which says that rates cannot be “excessive, inadequate, or unfairly discriminatory.” The company said “inadequate” rates mean rates that do not provide the company with a “reasonable rate of return.” Finally, the company argued that failure to provide a “reasonable rate of return” was an unconstitutional “taking of property.”

At regulatory hearing, Anthem Health Plans of Maine, Inc. testified that this case was so important to its parent corporation Anthem-Wellpoint that it spread the costs of the litigation across all 32 million Anthem-Wellpoint policyholders nationwide. It also said that this case was of great importance to the health insurance industry in the U.S.

Key Points in the Court’s Decision:

1. The Maine Supreme Judicial Court’s (Maine Law Court) Decision was unanimous. All seven justices concurred in the decision.

2. The Court disagreed with Anthem on all of its arguments; in specific, the Court said that the Company was not entitled to a “built-in” 3% profit margin; moreover, unlike other forms of insurance (e.g., workers comp, property, casualty, etc.), the Maine Insurance Code does not require the Superintendent to consider profits at all.

3. The Court found that the Superintendent’s balancing of consumer interests against Anthem’s desire for profits was appropriate. The Court repeatedly mentions that nearly 40 consumers testified about the impact of higher rates on them and their families, which was an important part of their decision.

4. The Court said that the Superintendent could consider the Company’s overall financial health in determining whether to grant a rate increase; Superintendent can consider Company’s overall
surplus and dividends, and balance that against the interests of consumers’ interest in paying lower rates.

5. The Court disagreed with Anthem regarding the interpretation of the term “inadequate rates” and found the Superintendent interpreted the term correctly and said that the term protects insurer viability (in other words it protects consumers from an insurer going bankrupt due to inadequate funds).

6. The Court disagreed with Anthem regarding so-called “cross-subsidization” of individual products by group products and said there was no proof that its group products had cross-subsidized its individual line. In fact, the Court said that the record showed that the individual line of insurance had contributed to the company-wide surplus that increased from $209.5 million in 2009 to $229.1 million in 2010.

7. There was no taking of property and no violation of the ME or U.S. Constitutions.

Case Citation: Anthem Health Plans of Maine, Inc. v. Superintendent of Insurance et al., 2012 ME 21; the full decision can be found at the end of the press release at

http://www.mainecahc.org/120229_PR_AnthemDec..htm