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Pandemic Profiteering:
Making a Killing on COVID

In April 2021, five health insurance companies sent Governor Ned Lamont a letter, threatening to move jobs out of Connecticut if the state passed a Public Option.

The Public Option would have allowed small businesses and nonprofits to be part of the state's Partnership Plan for health insurance, where they would benefit from the state's purchasing power to lower costs. Private insurance companies would still have had work administering the plan - but may have seen limits on their profits.

This report is the third in a series by the Connecticut Citizen Action Group (CCAG), examining how the excessive greed and shady tactics of these five companies are harming public health and our economy.

This report looks at overall profits, and how these companies have chosen to use these resources - further enriching executives and a small group of shareholders, at the expense of public health. Prior reports examined CEO compensation, which totaled $137.6 million, and lobbying, finding ethics breaches and $1.3 million spent in six months to defeat the Public Option. CCAG has dubbed these companies *Connecticut's Five Families* to highlight their unethical behavior. The entire series can be found here.

Four of these companies made more than $35 BILLION in profit in 2020 - and still found another $9 billion to repurchase their own stock.

The entire budget of the state of Connecticut, for reference, is $46.4 billion.

With those dollars, they could have taken many steps, including:
- Sending home testing kits, and Personal Protective Equipment (PPE) such as face masks, hand sanitizer and face shields, to people they cover.
- Providing education to enrollees, including providing Community Health Workers (CHWs) to boost vaccine participation, checking on the health of enrollees, and assisting people with meeting their healthcare needs, including the mental health needs of children enrolled in their plans.

Instead, we all spent **our own money** on PPE and other essential items, as local, state and federal governments worked, and spent our tax dollars, to keep people safe, and as nonprofits struggled to fund Community Health Workers and other essential services.

Profits: 2019 and 2020

For the purpose of these reports, we examine the five companies who signed the April 2021 letter to Governor Lamont:

- Anthem
- CVS Health
- Cigna
- Tufts Health Plan/Harvard Pilgrim Health Care
- UnitedHealth Group

First we look at profits. Most experienced a surge in profits in 2020, as many people deferred non-urgent medical care and procedures as the pandemic began.

Net Income		
	2019	**2020**
Anthem	$4,807,000,000	$4,572,000,000
CIGNA	$5,104,000,000	$8,458,000,000
CVS Health	$6,629,000,000	$7,188,000,000
UnitedHealth Group	$13,839,000,000	$15,403,000,000
TOTAL	**$30,379,000,000**	**$35,621,000,000**
This total does not include $24 million in net revenue from the nonprofit Harvard Pilgrim/Tufts, according to its 2019 IRS Form 990. *Tufts 2019 Form 990 not available.* *Harvard Pilgrim Health Care and Tufts Health merged in January 2021, and have subsequently re-branded themselves as Point32Health.*		

Source: Wall Street Journal Market Data Income Statements for Anthem, CIGNA, CVS and UnitedHealth Group.

Stock Buybacks
Another way these insurance companies have chosen to spend our premium dollars is on stock buybacks. In a stock buyback, a company repurchases its own shares on the open market. A concern, reports Vox, is that this comes at the expense of "investing in their workers, research and development, new facilities, or other more productive arenas."

Stock buybacks, also known as share repurchases, are also blamed for enabling companies to manipulate stock prices and allow senior executives and board members to further enrich themselves, according to the Roosevelt Institute. The practice was barred after the Stock Market crash of the 1920s and reinstated under President Ronald Reagan in 1982. Congressional Democrats are now calling for reform, including levies, on stock buybacks.

STOCK BUYBACKS			
	2019	**2020**	**2021 YTD**
Anthem	$1,701,000,000	$2,700,000,000	$927,000,000
CIGNA	$1,763,000,000	$3,666,000,000	$3,420,000,000
UnitedHealth Group	$4,463,000,000	$2,810,000,000	$2,136,000,000
TOTAL	**$7,927,000,000**	**$9,176,000,000**	**$6,483,000,000**

Source: YCharts, accessed September 13, 2021

Note: CVS was a significant repurchaser of its own shares until 2018, when it acquired Aetna for $70 million, and assumed $8 million of Aetna's debt. CVS plans to resume stock buybacks in 2022, according to Seeking Alpha.

According to Americans for Tax Fairness: "Corporate stock buybacks reduce the number of a company's shares that are held by its investors and executives—raising the share value and thus the wealth of their owners. Buybacks mostly enrich the already wealthy, including CEOs, because rich people own most corporate stock: the wealthiest 10% of American households own 84% of all shares, the top 1% own 40%. About one-half of households own no stock."

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What has COVID cost YOU, the state, and the federal government?

It is impossible to fully capture the human and economic impact of COVID. Connecticut spent $140 million on COVID testing alone, with $130 million reimbursed by the federal government, according to a news report. Federal relief through the American Recovery Plan (ARP) provided $1.38 billion to the state, with $198 million for state operations including contract tracing and community health and emergency preparedness, and $100 million for PPE and supplies, according to the state Office of Policy and Management.

The pandemic has widened and exposed gaps in health equity, while proven strategies to address the gap struggle for funding. Community Health Workers (CHWs) are frontline public health workers who are trusted members of a community, serving as liaisons and educators. They have "become a key factor in the state's public health response for marginalized communities during the pandemic," reports the CT Health Investigative Team (C-HIT) -- helping overcome vaccine reluctance, implementing contact tracing, and connecting people to treatment. With COVID increasing the need for their services, C-HIT reports, "CHWs are taking on a broader scope of work with no sustainable way to fund it."

The ARP has also increased Medicaid funding, offered assistance paying for COBRA, and subsidizing the purchase of private insurance for families and individuals at various income levels on health insurance exchanges, according to the Center on Budget and Policy Priorities. Connecticut's health insurance exchange is currently spending an additional $5.5 million of ARP funding monthly to subsidize private plans, and expects these subsidies to increase to more than $7 million per month, to more than $85 million annually for 2022.

Pandemic Profiteering Poster Boy:

How much is too much?!

All of these companies have paid their CEOs extremely generously by any standard, as outlined in CCAG's first report in this series.

CIGNA's David Cordani, however, deserves special attention due to the grossly inflated pay he received in 2020. Cordani was paid **$78,950,615 in 2020**, up from $13,366,383 in 2019.

Source: Health care CEO pay outstrips infectious disease research, Axios

While we applaud covering more people, it is important to note that ARP funding is temporary -- and that it continues to enrich insurance companies, since the legislature did not demand any changes from the health insurance industry, despite allocating these funds to subsidize its product.

CCAG will continue to track the greed and practices of insurance companies and how they impact public health, and to seek accountability and quality, affordable health care for all. For more information, or to sign up for updates, visit ccag.net, and Connecticut's Five Families Facebook page, *https://www.facebook.com/CTsfivefamilies*.

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