

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**

**DEPARTMENT OF INSURANCE, SECURITIES AND BANKING**

---

<b>In the Matter of:</b>	*	
	*	
	*	<b>Before, Gennet Purcell,</b>
	*	<b>Commissioner</b>
<b>Surplus Review of Group Hospitalization</b>	*	<b>09-MIE-002</b>
<b>and Medical Services, Inc.</b>	*	
	*	

---

**Order to Reopen the Hearing Record**

**I. Factual Background**

On September 10, 2009, the District of Columbia Department of Insurance, Securities, and Banking (“Department”), through its Acting Commissioner, Gennet Purcell (“Commissioner”), convened a Public Hearing (“Department Hearing”) pursuant to Section 7(e)(2) of the Hospital and Medical Services Corporation Regulatory Act of 1996 (“HMSCR Act”), as amended by the Medical Insurance Empowerment Amendment Act of 2008 (“MIEA Act”), D.C. Official Code Section 31-3506(e)(2) (“Hearing”).

The Department convened the Department Hearing to elicit testimony and gather information to assist the Commissioner in determining whether the portion of surplus attributable to the District of Columbia of Group Hospitalization and Medical Services, Inc. (“GHMSI” or “Corporation”), a subsidiary of CareFirst BlueCross BlueShield, Inc. (“CareFirst”), is excessive under the HMSCR Act. Upon hearing the testimony of, and questioning, the Corporation, interested parties, and several public witnesses, the Department adjourned the Department Hearing on September 11, 2009.

On September 24, 2009, the Commissioner issued an Order Enlarging Time for the Department of Insurance, Securities and Banking to Issue Surplus Determination and Extension of Hearing Record (“Order”). The purpose of the Order was to enlarge the time for the Department to make its surplus determination so that the Department could cooperate with the Maryland Insurance Administration (“MIA”) as the MIA also conducted a surplus review of GHMSI. The order established November 2, 2009, as the date the Department Hearing record would close and December 31, 2009 as the time by which the Department would issue its surplus determination.

The Department received notice that the MIA will hold its Public Hearing regarding the

financial surplus of CareFirst BlueCross BlueShield (“MIA Hearing”) on November 19-20, 2009.<sup>1</sup> At the MIA Hearing, MIA’s expert consultant, Invotex Group, is expected to present a report of its review of CareFirst’s financial solvency, including an analysis of GHMSI’s surplus.<sup>2</sup>

## **II. Findings**

Pursuant to Section 7a(b) of the HMSCR Act, the Department finds that reopening the record of the Department Hearing in order to obtain and consider information and testimony provided at the MIA Hearing, or provided in connection with the MIA Hearing, would serve the interests and needs of the jurisdictions in GHMSI’s service area. Reopening the record also would enable the Department and the MIA to continue working together as each agency conducts its surplus review of GHMSI.

## **III. Order**

**WHEREAS**, GHMSI’s service area is comprised of the District of Columbia, State of Maryland, and Commonwealth of Virginia;

**WHEREAS**, the MIA is conducting an examination of GHMSI’s surplus similar to the review being conducted by the Commissioner, and the MIA Hearing is an important part of the MIA’s review of GHMSI’s surplus;

**WHEREAS**, the continued cooperation by the Department and the MIA in connection with their surplus reviews of GHMSI will reduce the risk that the simultaneous surplus reviews by the Department and the MIA could result in competing orders to GHMSI;

**WHEREAS**, Section 7a(b) of the HMSCR Act directs the Commissioner to consider the interests and needs of the jurisdictions in GHMSI’s service area in implementing the MIEA Act, including the Commissioner’s determination whether the portion of GHMSI’s surplus attributable to the District is unreasonably large and inconsistent with GHMSI’s obligation under Section 6a of the HMSCR Act; and

**WHEREAS**, reopening the record of the Department Hearing to obtain and consider information and testimony provided at the MIA Hearing or provided in connection with the MIA Hearing will serve the interests and needs of the jurisdictions in GHMSI’s service area.

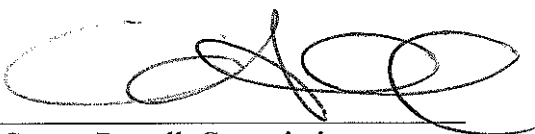
**IT IS HEREBY ORDERED**, That the record of the Department Hearing shall be reopened on November 19, 2009, for the limited and sole purpose of the Department obtaining and considering information and testimony provided at the MIA Hearing or provided in connection with the MIA Hearing as part of the Department’s determination of whether the

---

<sup>1</sup> Press Release, Insurance Commissioner Tyler to Hold Public Hearing on Surplus of CareFirst, Maryland Insurance Administration, November 17, 2009.

<sup>2</sup> Id.

portion of GHMSI's surplus attributable to the District is unreasonably large and inconsistent with GHMSI's obligation under Section 6a of the HMSCR Act, and the Department Hearing record shall close on November 30, 2009.



Gennet Purcell, Commissioner

Dated: November 18, 2009

SEAL