

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF INSURANCE, SECURITIES AND BANKING**

_____)	
IN THE MATTER OF)	
)	
Surplus Review and Determination)	Order No.: 14-MIE-014
for Group Hospitalization and Medical)	
Services, Inc.)	
)	
_____)	

**ORDER ON GHMSI’S MOTION FOR RECONSIDERATION AND
COORDINATED PROCEEDINGS WITH MARYLAND AND VIRGINIA, AND
ON D.C. APPLESEED’S REQUEST FOR BRIEFING SCHEDULE**

By motion submitted on January 22, 2015, Group Hospitalization and Medical Services, Inc. (“GHMSI”) requested that the Commissioner of the Department of Insurance, Securities and Banking (the “Commissioner”) reconsider his December 30, 2014 Decision and Order (the “Decision”) and extend the deadline for filing the plan required by the Decision until 45 days after ruling on the motion.

In brief, GHMSI argues that (1) the Commissioner failed to coordinate with Maryland and Virginia as required by D.C. Official Code § 31-3506(e) (2012 Repl.); (2) the Decision conflicts with an order issued by the Maryland Insurance Administration and therefore is arbitrary and capricious and violates GHMSI’s constitutional rights; (3) the Commissioner should hold joint proceedings with Maryland and Virginia to resolve any conflicts among the jurisdictions; (4) the Decision should have first determined the surplus attributable to the District and only then evaluated whether it was excessive; (5) the Decision’s method of attributing surplus to the District is arbitrary and does not comply with District law; (6) the Decision’s use of a 95% confidence level for the risk of dropping to 200% RBC-ACL is arbitrary and

capricious; and (7) the Decision erred by using a single surplus target point for 2011, rather than a range.

On January 27, 2014, the D.C. Appleseed Center for Law and Justice, Inc. (“Appleseed”) requested that, if the Commissioner did not summarily deny GHMSI’s motion, Appleseed should be permitted to respond.

After reviewing GHMSI’s motion, the Commissioner concludes that none of the issues raised by GHMSI constitute an error of law or fact or otherwise justify reconsideration of the Decision.

In addition, the issues GHMSI raises regarding asserted conflicts among jurisdictions are matters that lie beyond the Commissioner’s authority to address. The Commissioner is bound to follow the District of Columbia statutes and regulations governing this surplus review. Furthermore, the Commissioner already has coordinated with the other jurisdictions in which GHMSI conducts business, as described on pages 62 through 65 of the Decision.

Moreover, all of the issues GHMSI identifies are arguments it could have raised, but did not, during the multi-year surplus review. The Commissioner provided multiple opportunities for GHMSI and interested persons to raise issues and provide input into the decision-making process. The Commissioner does not believe it is in the public interest, or an efficient use of public resources, to delay the filing of GHMSI’s plan so that these proceedings may be reopened to hear new arguments that could have been briefed and argued previously.

However, in view of delay resulting from the filing of GHMSI’s motion for reconsideration and the filing of an earlier motion for reconsideration by Appleseed, and given the complexity of the issues presented in crafting a plan for dedication of the excess surplus

attributable to the District to community health reinvestment, the Commissioner will grant GHMSI an extension of the deadline for filing its plan.

Accordingly, the Commissioner ORDERS:

1. GHMSI's request for an extension of time to file its plan is granted. GHMSI shall have until Monday, March 16, 2015, to submit to the Commissioner a plan for the dedication of the excess surplus attributable to the District of Columbia to community health reinvestment in a fair and equitable manner, in accordance with D.C. Official Code § 31-3506(g) (2012 Repl.) and 26A DCMR § 4603.
2. Except as specified in paragraph 1, GHMSI's Motion for Reconsideration and Coordinated Proceedings with Maryland and Virginia is denied.
3. D.C. Appleeed's Request for Briefing Schedule on GHMSI's Motion for Reconsideration is denied as moot.
4. Except as modified herein, the December 30, 2014 Decision and Order remains in full force and effect.

Dated: January 28, 2015


Chester A. McPherson, Acting Commissioner

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