

**Attachment A**  
**to**  
**GHMSI's Responses to DISB's Third Scheduling Order**

Controlled Affiliate License Agreements.

**BLUE CROSS  
CONTROLLED AFFILIATE LICENSE AGREEMENT**  
(Includes revisions adopted by Member Plans through their March 27, 2014 meeting)

This Agreement by and among Blue Cross and Blue Shield Association ("BCBSA") and \_\_\_\_\_ ("Controlled Affiliate"), a Controlled Affiliate of the Blue Cross Plan(s), known as \_\_\_\_\_ ("Plan"), which is also a Party signatory hereto.

WHEREAS, BCBSA is the owner of the BLUE CROSS and BLUE CROSS Design service marks;

WHEREAS, Plan and Controlled Affiliate desire that the latter be entitled to use the BLUE CROSS and BLUE CROSS Design service marks (collectively the "Licensed Marks") as service marks and be entitled to use the term BLUE CROSS in a trade name ("Licensed Name");

NOW THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

**1. GRANT OF LICENSE**

Subject to the terms and conditions of this Agreement, BCBSA hereby grants to Controlled Affiliate the right to use the Licensed Marks and Name in connection with, and only in connection with: (i) health care plans and related services, as defined in BCBSA's License Agreement with Plan, and administering the non-health portion of workers' compensation insurance, and (ii) underwriting the indemnity portion of workers' compensation insurance, provided that Controlled Affiliate's total premium revenue comprises less than 15 percent of the sponsoring Plan's net subscription revenue.

This grant of rights is non-exclusive and is limited to the Service Area served by the Plan. Controlled Affiliate may use the Licensed Marks and Name in its legal name on the following conditions: (i) the legal name must be approved in advance, in writing, by BCBSA; (ii) Controlled Affiliate shall not do business outside the Service Area under any name or mark; and (iii) Controlled Affiliate shall not use the Licensed Marks and Name, or any derivative thereof, as part of any name or symbol used to identify itself in any securities market. Controlled Affiliate may use the Licensed Marks and Name in its Trade Name only with the prior, written, consent of BCBSA.

**2. QUALITY CONTROL**

A. Controlled Affiliate agrees to use the Licensed Marks and Name only in connection with the licensed services and further agrees to be bound by the conditions regarding quality control shown in attached Exhibit A as they may be amended by BCBSA from time-to-time.

**Amended as of November 16, 2000**

B. Controlled Affiliate agrees to comply with all applicable federal, state and local laws.

C. Controlled Affiliate agrees that it will provide on an annual basis (or more often if reasonably required by Plan or by BCBSA) a report or reports to Plan and BCBSA demonstrating Controlled Affiliate's compliance with the requirements of this Agreement including but not limited to the quality control provisions of this paragraph and the attached Exhibit A.

D. Controlled Affiliate agrees that Plan and/or BCBSA may, from time-to-time, upon reasonable notice, review and inspect the manner and method of Controlled Affiliate's rendering of service and use of the Licensed Marks and Name.

E. As used herein, a Controlled Affiliate is defined as an entity organized and operated in such a manner, that it meets the following requirements:

(1) A Plan or Plans authorized to use the Licensed Marks in the Service Area of the Controlled Affiliate pursuant to separate License Agreement(s) with BCBSA, other than such Controlled Affiliate's License Agreement(s), (the "Controlling Plan(s)"), must have the legal authority directly or indirectly through wholly-owned subsidiaries to select members of the Controlled Affiliate's governing body having not less than 50% voting control thereof and to:

(a) prevent any change in the articles of incorporation, bylaws or other establishing or governing documents of the Controlled Affiliate with which the Controlling Plan(s) do(es) not concur;

(b) exercise control over the policy and operations of the Controlled Affiliate at least equal to that exercised by persons or entities (jointly or individually) other than the Controlling Plan(s); and

Notwithstanding anything to the contrary in (a) through (b) hereof, the Controlled Affiliate's establishing or governing documents must also require written approval by the Controlling Plan(s) before the Controlled Affiliate can:

- (i) change its legal and/or trade names;
- (ii) change the geographic area in which it operates;
- (iii) change any of the type(s) of businesses in which it engages;

- (iv) create, or become liable for by way of guarantee, any indebtedness, other than indebtedness arising in the ordinary course of business;
- (v) sell any assets, except for sales in the ordinary course of business or sales of equipment no longer useful or being replaced;
- (vi) make any loans or advances except in the ordinary course of business;
- (vii) enter into any arrangement or agreement with any party directly or indirectly affiliated with any of the owners or persons or entities with the authority to select or appoint members or board members of the Controlled Affiliate, other than the Plan or Plans (excluding owners of stock holdings of under 5% in a publicly traded Controlled Affiliate);
- (viii) conduct any business other than under the Licensed Marks and Name;
- (ix) take any action that any Controlling Plan or BCBSA reasonably believes will adversely affect the Licensed Marks and Name.

In addition, a Plan or Plans directly or indirectly through wholly owned subsidiaries shall own at least 50% of any for-profit Controlled Affiliate.

Or

(2) A Plan or Plans authorized to use the Licensed Marks in the Service Area of the Controlled Affiliate pursuant to separate License Agreement(s) with BCBSA, other than such Controlled Affiliate's License Agreement(s), (the "Controlling Plan(s)"), have the legal authority directly or indirectly through wholly-owned subsidiaries to select members of the Controlled Affiliate's governing body having more than 50% voting control thereof and to:

- (a) prevent any change in the articles of incorporation, bylaws or other establishing or governing documents of the Controlled Affiliate with which the Controlling Plan(s) do(es) not concur;
- (b) exercise control over the policy and operations of the Controlled Affiliate.

In addition, a Plan or Plans directly or indirectly through wholly-owned subsidiaries shall own more than 50% of any for-profit Controlled Affiliate.

### **3. SERVICE MARK USE**

A. Controlled Affiliate recognizes the importance of a comprehensive national network of independent BCBSA licensees which are committed to strengthening the Licensed Marks and Name. The Controlled Affiliate further recognizes that its actions within its Service Area may affect the value of the Licensed Marks and Name nationwide.

B. Controlled Affiliate shall at all times make proper service mark use of the Licensed Marks and Name, including but not limited to use of such symbols or words as BCBSA shall specify to protect the Licensed Marks and Name and shall comply with such rules (generally applicable to Controlled Affiliates licensed to use the Licensed Marks and Name) relative to service mark use, as are issued from time-to-time by BCBSA. Controlled Affiliate recognizes and agrees that all use of the Licensed Marks and Name by Controlled Affiliate shall inure to the benefit of BCBSA.

C. Controlled Affiliate may not directly or indirectly use the Licensed Marks and Name in a manner that transfers or is intended to transfer in the Service Area the goodwill associated therewith to another mark or name, nor may Controlled Affiliate engage in activity that may dilute or tarnish the unique value of the Licensed Marks and Name.

D. If Controlled Affiliate meets the standards of 2E(1) but not 2E(2) above and any of Controlled Affiliate's advertising or promotional material is reasonably determined by BCBSA and/or the Plan to be in contravention of rules and regulations governing the use of the Licensed Marks and Name, Controlled Affiliate shall for ninety (90) days thereafter obtain prior approval from BCBSA of advertising and promotional efforts using the Licensed Marks and Name, approval or disapproval thereof to be forthcoming within five (5) business days of receipt of same by BCBSA or its designee. In all advertising and promotional efforts, Controlled Affiliate shall observe the Service Area limitations applicable to Plan.

E. Notwithstanding any other provision in the Plan's License Agreement with BCBSA or in this Agreement, Controlled Affiliate shall use its best efforts to promote and build the value of the Licensed Marks and Name.

**Amended as of June 16, 2005**

#### **4. SUBLICENSING AND ASSIGNMENT**

Controlled Affiliate shall not, directly or indirectly, sublicense, transfer, hypothecate, sell, encumber or mortgage, by operation of law or otherwise, the rights granted hereunder and any such act shall be voidable at the sole option of Plan or BCBSA. This Agreement and all rights and duties hereunder are personal to Controlled Affiliate.

#### **5. INFRINGEMENT**

Controlled Affiliate shall promptly notify Plan and Plan shall promptly notify BCBSA of any suspected acts of infringement, unfair competition or passing off that may occur in relation to the Licensed Marks and Name. Controlled Affiliate shall not be entitled to require Plan or BCBSA to take any actions or institute any proceedings to prevent infringement, unfair competition or passing off by third parties. Controlled Affiliate agrees to render to Plan and BCBSA, without charge, all reasonable assistance in connection with any matter pertaining to the protection of the Licensed Marks and Name by BCBSA.

#### **6. LIABILITY INDEMNIFICATION**

Controlled Affiliate and Plan hereby agree to save, defend, indemnify and hold BCBSA harmless from and against all claims, damages, liabilities and costs of every kind, nature and description (except those arising solely as a result of BCBSA's negligence) that may arise as a result of or related to: (i) Controlled Affiliate's rendering of services under the Licensed Marks and Name; or (ii) the activities of any hospital, medical group, clinic or other provider of health services that is owned or controlled directly or indirectly by Plan or Controlled Affiliate.

#### **7. LICENSE TERM**

A. Except as otherwise provided herein, the license granted by this Agreement shall remain in effect for a period of one (1) year and shall be automatically extended for additional one (1) year periods unless terminated pursuant to the provisions herein.

B. This Agreement and all of Controlled Affiliate's rights hereunder shall immediately terminate without any further action by any party or entity in the event that: (i) the Plan ceases to be authorized to use the Licensed Marks and Name; or (ii) pursuant to Paragraph 15(a)(x) of the Blue Cross License Agreement the Plan ceases to be authorized to use the Licensed Names and Marks in the geographic area served by the Controlled Affiliate provided, however, that if the Controlled Affiliate is serving more than one State or portions thereof, the termination of this Agreement shall be limited to the State(s) or portions thereof in which the Plan's license to use the Licensed Marks and Names is terminated. By not appealing or challenging such regulatory action within the time prescribed by law or regulation, and in any event no later than 120 days after such action is taken, a Plan shall be deemed to have exhausted its rights to appeal or challenge, and automatic termination shall proceed.

**Amended as of June 21, 2012**

C. Notwithstanding any other provision of this Agreement, this license to use the Licensed Marks and Name may be forthwith terminated by the Plan or the affirmative vote of the majority of the Board of Directors of BCBSA present and voting at a special meeting expressly called by BCBSA for the purpose on ten (10) days written notice to the Plan advising of the specific matters at issue and granting the Plan an opportunity to be heard and to present its response to the Board for: (1) failure to comply with any applicable minimum capital or liquidity requirement under the quality control standards of this Agreement; or (2) failure to comply with the "Organization and Governance" quality control standard of this Agreement; or (3) impending financial insolvency; or (4) for a Smaller Controlled Affiliate (as defined in Exhibit A), failure to comply with any of the applicable requirements of Standards 2, 3, 4, 5 or 7 of attached Exhibit A; or (5) the pendency of any action instituted against the Controlled Affiliate seeking its dissolution or liquidation of its assets or seeking appointment of a trustee, interim trustee, receiver or other custodian for any of its property or business or seeking the declaration or establishment of a trust for any of its property or business, unless this Controlled Affiliate License Agreement has been earlier terminated under paragraph 7(e); or (6) failure by a Controlled Affiliate that meets the standards of 2E(1) but not 2E(2) above to obtain BCBSA's written consent to a change in the identity of any owner, in the extent of ownership, or in the identity of any person or entity with the authority to select or appoint members or board members, provided that as to publicly traded Controlled Affiliates this provision shall apply only if the change affects a person or entity that owns at least 5% of the Controlled Affiliate's stock before or after the change; or (7) such other reason as is determined in good faith immediately and irreparably to threaten the integrity and reputation of BCBSA, the Plans, any other licensee including Controlled Affiliate and/or the Licensed Marks and Name.

D. Except as otherwise provided in Paragraphs 7(B), 7(C) or 7(E) herein, should Controlled Affiliate fail to comply with the provisions of this Agreement and not cure such failure within thirty (30) days of receiving written notice thereof (or commence a cure within such thirty day period and continue diligent efforts to complete the cure if such curing cannot reasonably be completed within such thirty day period) BCBSA or the Plan shall have the right to issue a notice that the Controlled Affiliate is in a state of noncompliance. If a state of noncompliance as aforesaid is undisputed by the Controlled Affiliate or is found to exist by a mandatory dispute resolution panel and is uncured as provided above, BCBSA shall have the right to seek judicial enforcement of the Agreement or to issue a notice of termination thereof. Notwithstanding any other provisions of this Agreement, any disputes as to the termination of this License pursuant to Paragraphs 7(B), 7(C) or 7(E) of this Agreement shall not be subject to mediation and mandatory dispute resolution. All other disputes between BCBSA, the Plan and/or Controlled Affiliate shall be submitted promptly to mediation and mandatory dispute resolution. The mandatory dispute resolution panel shall have authority to issue orders for specific performance and assess monetary penalties. Except, however, as provided in Paragraphs 7(B) and 7(E) of this Agreement, this license to use the Licensed Marks and Name may not be finally terminated for any reason without the affirmative vote of a majority of the present and voting members of the Board of Directors of BCBSA.

E. This Agreement and all of Controlled Affiliate's rights hereunder shall immediately terminate without any further action by any party or entity in the event that:

- (1) Controlled Affiliate shall no longer comply with item 2(E) above;
- (2) Appropriate dues, royalties and other payments for Controlled Affiliate pursuant to paragraph 9 hereof, which are the royalties for this License Agreement, are more than sixty (60) days in arrears to BCBSA; or
- (3) Any of the following events occur: (i) a voluntary petition shall be filed by Controlled Affiliate seeking bankruptcy, reorganization, arrangement with creditors or other relief under the bankruptcy laws of the United States or any other law governing insolvency or debtor relief, or (ii) an involuntary petition or proceeding shall be filed against Controlled Affiliate seeking bankruptcy, reorganization, arrangement with creditors or other relief under the bankruptcy laws of the United States or any other law governing insolvency or debtor relief and such petition or proceeding is consented to or acquiesced in by Controlled Affiliate or is not dismissed within sixty (60) days of the date upon which the petition or other document commencing the proceeding is served upon the Controlled Affiliate, or (iii) an order for relief is entered against Controlled Affiliate in any case under the bankruptcy laws of the United States, or Controlled Affiliate is adjudged bankrupt or insolvent as those terms are defined in the Uniform Commercial Code as enacted in the State of Illinois by any court of competent jurisdiction, or (iv) Controlled Affiliate makes a general assignment of its assets for the benefit of creditors, or (v) any government or any government official, office, agency, branch, or unit assumes control of Controlled Affiliate or delinquency proceedings (voluntary or involuntary) are instituted, or (vi) an action is brought by Controlled Affiliate seeking its dissolution or liquidation of its assets or seeking the appointment of a trustee, interim trustee, receiver or other custodian for any of its property or business, or (vii) an action is instituted by any governmental entity or officer against Controlled Affiliate seeking its dissolution or liquidation of its assets or seeking the appointment of a trustee, interim trustee, receiver or other custodian for any of its property or business and such action is consented to or acquiesced in by Controlled Affiliate or is not dismissed within one hundred thirty (130) days of the date upon which the pleading or other document commencing the action is served upon the Controlled Affiliate, provided that if the action is stayed or its prosecution is enjoined, the one hundred thirty (130) day period is tolled for the duration of the stay or injunction, and provided further, that the Association's Board of Directors may toll or extend the 130 day period at any time prior to its expiration, or (viii) a trustee, interim trustee, receiver or other custodian for any of Controlled Affiliate's property or business is appointed or the Controlled Affiliate is ordered dissolved or liquidated. Notwithstanding any other provision of this Agreement, a declaration or a request for declaration of the existence of a trust over any of the Controlled Affiliate's property or business shall not in itself be deemed to constitute or seek appointment of a trustee, interim trustee, receiver or other custodian for purposes of subparagraphs 7(e)(3)(vii) and (viii) of this Agreement

**Amended as of March 18, 2004**



F. Upon termination of this Agreement for cause or otherwise, Controlled Affiliate agrees that it shall immediately discontinue all use of the Licensed Marks and Name, including any use in its trade name.

G. Upon termination of this Agreement, Controlled Affiliate shall immediately notify all of its customers that it is no longer a licensee of BCBSA and, if directed by the Association's Board of Directors, shall provide instruction on how the customer can contact BCBSA or a designated licensee to obtain further information on securing coverage. The notification required by this paragraph shall be in writing and in a form approved by BCBSA. The BCBSA shall have the right to audit the terminated entity's books and records to verify compliance with this paragraph.

H. In the event this Agreement terminates pursuant to 7(b) hereof, or in the event the Controlled Affiliate is a Larger Controlled Affiliate (as defined in Exhibit A), upon termination of this Agreement, the provisions of Paragraph 7.G. shall not apply and the following provisions shall apply, except that, in the event of a partial termination of this Agreement pursuant to Paragraph 7(B)(ii) of this Agreement, the notices, national account listing, payment, and audit right listed below shall be applicable solely with respect to the geographic area for which the Plan's license to use the Licensed Names and Marks is terminated:

(1) The Controlled Affiliate shall send a notice through the U.S. mails, with first class postage affixed, to all individual and group customers, providers, brokers and agents of products or services sold, marketed, underwritten or administered by the Controlled Affiliate under the Licensed Marks and Name. The form and content of the notice shall be specified by BCBSA and shall, at a minimum, notify the recipient of the termination of the license, the consequences thereof, and instructions for obtaining alternate products or services licensed by BCBSA, subject to any conflicting state law and state regulatory requirements. This notice shall be mailed within 15 days after termination.

(2) The Controlled Affiliate shall deliver to BCBSA within five days of a request by BCBSA a listing of national accounts in which the Controlled Affiliate is involved (in a control, participating or servicing capacity), identifying the national account and the Controlled Affiliate's role therein.

(3) Unless the cause of termination is an event respecting BCBSA stated in paragraph 15(a) or (b) of the Plan's license agreement with BCBSA to use the Licensed Marks and Name, the Controlled Affiliate, the Plan, and any other Licensed Controlled Affiliates of the Plan shall be jointly liable for payment to BCBSA of an amount equal to the Re-Establishment Fee (described below) multiplied by the number of Licensed Enrollees of the Controlled Affiliate; provided that if any other Plan is permitted by BCBSA to use marks or names licensed by BCBSA in the Service Area established by this Agreement, the Re-Establishment Fee shall be multiplied by a fraction, the numerator of which is the number of Licensed Enrollees of the Controlled Affiliate, the Plan, and any other Licensed Controlled Affiliates and the denominator of which is the total number of Licensed Enrollees in the Service Area.

**Amended as of June 16, 2005**

The Re-Establishment Fee shall be indexed to a base fee of \$80. The Re-Establishment Fee through December 31, 2005 shall be \$80. The Re-establishment Fee for calendar years after December 31, 2005 shall be adjusted on January 1 of each calendar year up to and including January 1, 2010 and shall be the base fee multiplied by 100% plus the cumulative percentage increase or decrease in the Plans' gross administrative expense (standard BCBSA definition) per Licensed Enrollee since December 31, 2004. The adjustment shall end on January 1, 2011, at which time the Re-Establishment Fee shall be fixed at the then-current amount and no longer automatically adjusted. For example, if the Plans' gross administrative expense per Licensed Enrollee was \$278.60, \$285.00 and \$290.00 for calendar year end 2004, 2005 and 2006, respectively, the January 1, 2007 Re-Establishment Fee would be \$83.27 (100% of base fee plus \$1.84 for calendar year 2005 and \$1.43 for calendar year 2006). Licensed Enrollee means each and every person and covered dependent who is enrolled as an individual or member of a group receiving products or services sold, marketed or administered under marks or names licensed by BCBSA as determined at the earlier of (i) the end of the last fiscal year of the terminated entity which ended prior to termination or (ii) the fiscal year which ended before any transactions causing the termination began. Notwithstanding the foregoing, the amount payable pursuant to this subparagraph H. (3) shall be due only to the extent that, in BCBSA's opinion, it does not cause the net worth of the Controlled Affiliate, the Plan or any other Licensed Controlled Affiliates of the Plan to fall below 100% of the Health Risk-Based Capital formula, or its equivalent under any successor formula, as set forth in the applicable financial responsibility standards established by BCBSA (provided such equivalent is approved for purposes of this sub paragraph by the affirmative vote of three-fourths of the Plans and three-fourths of the total then current weighted vote of all the Plans); measured as of the date of termination, and adjusted for the value of any transactions not made in the ordinary course of business. This payment shall not be due in connection with transactions exclusively by or among Plans or their affiliates, including reorganizations, combinations or mergers, where the BCBSA Board of Directors determines that the license termination does not result in a material diminution in the number of Licensed Enrollees or the extent of their coverage. At least 50% of the Re-Establishment Fee shall be awarded to the Plan (or Plans) that receive the new license(s) for the service area(s) at issue; provided, however, that such award shall not become due or payable until all disputes, if any, regarding the amount of and BCBSA's right to such Re-Establishment Fee have been finally resolved; and provided further that the award shall be based on the final amount actually received by BCBSA. The Board of Directors shall adopt a resolution which it may amend from time to time that shall govern BCBSA's use of its portion of the award. In the event that the Controlled Affiliate's license is reinstated by BCBSA or is deemed to have remained in effect without interruption by a court of competent jurisdiction, BCBSA shall reimburse the Controlled Affiliate (and/or the Plan or its other Licensed Controlled Affiliates, as the case may be) for payments made under this subparagraph 7.H.(3) only to the extent that such payments exceed the amounts due to BCBSA pursuant to paragraph 7.M. and

**Amended as of June 16, 2005**

any costs associated with reestablishing the Service Area, including payments made by BCBSA to a Plan or Plans (or their Licensed Controlled Affiliates) for purposes of replacing the Controlled Affiliate.

(4) BCBSA shall have the right to examine and audit and/or hire at terminated entity's expense a third party auditor to examine and audit the books and records of the Controlled Affiliate, the Plan, and any other Licensed Controlled Affiliates of the Plan to verify compliance with this paragraph 7.H.

(5) Subsequent to termination of this Agreement, the terminated entity and its affiliates, agents, and employees shall have an ongoing and continuing obligation to protect all BCBSA and Blue Licensee data that was acquired or accessed during the period this Agreement was in force, including but not limited to all confidential processes, pricing, provider, discount and other strategic and competitively sensitive information ("Blue Information") from disclosure, and shall not, either alone or with another entity, disclose such Blue Information or use it in any manner to compete without the express written permission of BCBSA.

(6) As to a breach of 7.H.(1), (2), (3), (4) or (5) the parties agree that the obligations are immediately enforceable in a court of competent jurisdiction. As to a breach of 7.H.(1), (2) or (4) by the Controlled Affiliate, the parties agree there is no adequate remedy at law and BCBSA is entitled to obtain specific performance.

I. This Agreement shall remain in effect until terminated by the Controlled Affiliate upon not less than eighteen (18) months written notice to the Association or upon a shorter notice period approved by BCBSA in writing at its sole discretion, or until terminated as otherwise provided herein.

J. In the event the Controlled Affiliate is a Smaller Controlled Affiliate (as defined in Exhibit A), the Controlled Affiliate agrees to be jointly liable for the amount described in H.3. and M. hereof upon termination of the BCBSA license agreement of any Larger Controlled Affiliate of the Plan.

K. BCBSA shall be entitled to enjoin the Controlled Affiliate or any related party in a court of competent jurisdiction from entry into any transaction which would result in a termination of this Agreement unless the Plan's license from BCBSA to use the Licensed Marks and Names has been terminated pursuant to 10(d) of the Plan's license agreement upon the required 6 month written notice.

L. BCBSA acknowledges that it is not the owner of assets of the Controlled Affiliate.

M. In the event that the Plan has more than 50 percent voting control of the Controlled Affiliate under Paragraph 2(E)(2) above and is a Larger Controlled Affiliate (as defined in Exhibit A), then the vote called for in Paragraphs 7(C) and 7(D) above shall require the affirmative vote of three-fourths of the Plans and three-fourths of the total then current weighted vote of all the Plans.

**Amended as of June 16, 2005**

N. In the event this Agreement terminates and is subsequently reinstated by BCBSA or is deemed to have remained in effect without interruption by a court of competent jurisdiction, the Controlled Affiliate, the Plan, and any other Licensed Controlled Affiliates of the Plan shall be jointly liable for reimbursing BCBSA the reasonable costs incurred by BCBSA in connection with the termination and the reinstatement or court action, and any associated legal proceedings, including but not limited to: outside legal fees, consulting fees, public relations fees, advertising costs, and costs incurred to develop, lease or establish an interim provider network. Any amount due to BCBSA under this subparagraph may be waived in whole or in part by the BCBSA Board of Directors in its sole discretion.

## **8. DISPUTE RESOLUTION**

The parties agree that any disputes between them or between or among either of them and one or more Plans or Controlled Affiliates of Plans that use in any manner the Blue Cross and Blue Cross Marks and Name are subject to the Mediation and Mandatory Dispute Resolution process attached to and made a part of Plan's License from BCBSA to use the Licensed Marks and Name as Exhibit 5 as amended from time-to-time, which documents are incorporated herein by reference as though fully set forth herein.

## **9. LICENSE FEE**

Controlled Affiliate will pay to BCBSA a fee for this License determined pursuant to the formula(s) set forth in Exhibit B.

## **10. JOINT VENTURE**

Nothing contained in the Agreement shall be construed as creating a joint venture, partnership, agency or employment relationship between Plan and Controlled Affiliate or between either and BCBSA.

**Amended as of September 20, 2007**

## **11. NOTICES AND CORRESPONDENCE**

Notices regarding the subject matter of this Agreement or breach or termination thereof shall be in writing and shall be addressed in duplicate to the last known address of each other party, marked respectively to the attention of its President and, if any, its General Counsel.

## **12. COMPLETE AGREEMENT**

This Agreement contains the complete understandings of the parties in relation to the subject matter hereof. This Agreement may only be amended by the affirmative vote of three-fourths of the Plans and three-fourths of the total then current weighted vote of all the Plans as officially recorded by the BCBSA Corporate Secretary.

## **13. SEVERABILITY**

If any term of this Agreement is held to be unlawful by a court of competent jurisdiction, such findings shall in no way affect the remaining obligations of the parties hereunder and the court may substitute a lawful term or condition for any unlawful term or condition so long as the effect of such substitution is to provide the parties with the benefits of this Agreement.

## **14. NONWAIVER**

No waiver by BCBSA of any breach or default in performance on the part of Controlled Affiliate or any other licensee of any of the terms, covenants or conditions of this Agreement shall constitute a waiver of any subsequent breach or default in performance of said terms, covenants or conditions.

### **14A. VOTING**

For all provisions of this Agreement referring to voting, the term 'Plans' shall mean all entities licensed under the Blue Cross License Agreement and/or the Blue Shield License Agreement, and in all votes of the Plans under this Agreement the Plans shall vote together. For weighted votes of the Plans, the Plan shall have a number of votes equal to the number of weighted votes (if any) that it holds as a Blue Cross Plan plus the number of weighted votes (if any) that it holds as a Blue Shield Plan. For all other votes of the Plans, the Plan shall have one vote. For all questions requiring an affirmative three-fourths weighted vote of the Plans, the requirement shall be deemed satisfied with a lesser weighted vote unless the greater of: (i) 6/52 or more of the Plans (rounded to the nearest whole number, with 0.5 or multiples thereof being rounded to the next higher whole number) fail to cast weighted votes in favor of the question; or (ii) three (3) of the Plans fail to cast weighted votes in favor of the question.

Notwithstanding the foregoing provision, if there are thirty-nine (39) Plans, the requirement of an affirmative three-fourths weighted vote shall be deemed satisfied with a lesser weighted vote unless four (4) or more Plans fail to cast weighted votes in favor of the question.

**Amended as of June 16, 2005**

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**15. GOVERNING LAW**

This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Illinois.

**16. HEADINGS**

The headings inserted in this agreement are for convenience only and shall have no bearing on the interpretation hereof.

IN WITNESS WHEREOF, the parties have caused this License Agreement to be executed and effective as of the date of last signature written below.

**Controlled Affiliate:**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**Plan:**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**BLUE CROSS AND BLUE SHIELD ASSOCIATION**

By: \_\_\_\_\_

Date: \_\_\_\_\_

## **EXHIBIT A**

### **CONTROLLED AFFILIATE LICENSE STANDARDS**

March 2014

#### **PREAMBLE**

The standards for licensing Controlled Affiliates are established by BCBSA and are subject to change from time-to-time upon the affirmative vote of three-fourths (3/4) of the Plans and three-fourths (3/4) of the total weighted vote. Each licensed Plan is required to use a standard Controlled Affiliate license form provided by BCBSA and to cooperate fully in assuring that the licensed Controlled Affiliate maintains compliance with the license standards.

The Controlled Affiliate License provides a flexible vehicle to accommodate the potential range of health and workers' compensation related products and services Plan Controlled Affiliates provide. The Controlled Affiliate License collapses former health Controlled Affiliate licenses (HCC, HMO, PPO, TPA, and IDS) into a single license using the following business-based criteria to provide a framework for license standards:

- Percent of Controlled Affiliate controlled by parent: Greater than 50 percent or 50 percent?
- Risk assumption: yes or no?
- Medical care delivery: yes or no?
- Size of the Controlled Affiliate: If the Controlled Affiliate has health or workers' compensation administration business, does such business constitute 15 percent or more of the parent's and other licensed health subsidiaries' member enrollment?

**Amended September 19, 2002**



## **EXHIBIT A (continued)**

For purposes of definition:

- A "smaller Controlled Affiliate:" (1) comprises less than fifteen percent (15%) of Plan's and its licensed Controlled Affiliates' total member enrollment (as reported on the BCBSA Quarterly Enrollment Report, excluding rider and freestanding coverage, and treating an entity seeking licensure as licensed);\* or (2) underwrites the indemnity portion of workers' compensation insurance and has total premium revenue less than 15 percent of the sponsoring Plan's net subscription revenue.
- A "larger Controlled Affiliate" comprises fifteen percent (15%) or more of Plan's and its licensed Controlled Affiliates' total member enrollment (as reported on the BCBSA Quarterly Enrollment Report, excluding rider and freestanding coverage, and treating an entity seeking licensure as licensed.)\*

Changes in Controlled Affiliate status:

If **any** Controlled Affiliate's status changes regarding: its Plan ownership level, its risk acceptance or direct delivery of medical care, the Controlled Affiliate shall notify BCBSA within thirty (30) days of such occurrence in writing and come into compliance with the applicable standards within six (6) months.

If a smaller Controlled Affiliate's health and workers' compensation administration business reaches or surpasses fifteen percent (15%) of the total member enrollment of the Plan and licensed Controlled Affiliates, the Controlled Affiliate shall:

**Amended September 19, 2002**

## **EXHIBIT A (continued)**

1. Within thirty (30) days, notify BCBSA of this fact in writing, including evidence that the Controlled Affiliate meets the minimum liquidity and capital (BCBSA "Health Risk-Based Capital (HRBC)" as defined by the NAIC and state-established minimum reserve) requirements of the larger Controlled Affiliate Financial Responsibility standard; and
2. Within six (6) months after reaching or surpassing the fifteen percent (15%) threshold, demonstrate compliance with all license requirements for a larger Controlled Affiliate.

If a Controlled Affiliate that underwrites the indemnity portion of workers' compensation insurance receives a change in rating or proposed change in rating, the Controlled Affiliate shall notify BCBSA within 30 days of notification by the external rating agency.

\*For purposes of this calculation,

The numerator equals:

Applicant Controlled Affiliate's member enrollment, as defined in BCBSA's Quarterly Enrollment Report (excluding rider and freestanding coverage).

The denominator equals:

Numerator PLUS Plan and all other licensed Controlled Affiliates' member enrollment, as reported in BCBSA's Quarterly Enrollment Report (excluding rider and freestanding coverage).

**Amended September 19, 2002**

**EXHIBIT A (continued)**

**STANDARDS FOR LICENSED CONTROLLED AFFILIATES**

As described in Preamble section of Exhibit A to the Affiliate License Agreement, each controlled affiliate seeking licensure must answer four questions. Depending on the controlled affiliate's answers, certain standards apply:

1. What percent of the controlled affiliate is controlled by the parent Plan?

More than 50%	50%	100% and Primary Business is Government Non-Risk
↓	↓	↓
Standard 1A, 4	Standard 1B, 4	Standard 4*,10A

\* Applicable only if using the names and marks.

**IN ADDITION,**

2. Is risk being assumed?

↖	Yes ↓	↖	↖	No ↓	↖
Controlled Affiliate underwrites any indemnity portion of workers' compensation insurance	Controlled Affiliate comprises < 15% of total member enrollment of Plan and its licensed affiliates, and does not underwrite the indemnity portion of workers' compensation insurance	Controlled Affiliate comprises ≥ 15% of total member enrollment of Plan and its licensed affiliates, and does not underwrite the indemnity portion of workers' compensation insurance	Controlled Affiliate comprises < 15% of total member enrollment of Plan and its licensed affiliates	Controlled Affiliate comprises ≥ 15% of total member enrollment of Plan and its licensed affiliates	Controlled Affiliate's Primary Business is Government Non-Risk
↓ Standards 7A-7E, 12	↓	↓	↓	↓ Standard 6H	↓ Standard 10B
	Standard 2 (Guidelines 1.1,1.2) and Standard 11	Standard 6H	Standard 2 (Guidelines 1.1,1.3) and Standard 11		

**IN ADDITION,**

3. Is medical care being directly provided?

Yes ↓	No ↓
Standard 3A	Standard 3B

**IN ADDITION,**

4. If the controlled affiliate has health or workers' compensation administration business, does such business comprise 15% or more of the total member enrollment of Plan and its licensed controlled affiliates?

Yes ↓	↖	↖	No
Standards 6A-6J	Controlled Affiliate is not a former primary licensee	Controlled Affiliate is a former primary licensee	Controlled Affiliate's Primary Business is Government Non-Risk
	↓	↓	↓
	Standards 5,8,9B,12	Standards 5,8,9A,11, 12	Standards 8, 10(C), 12

## **EXHIBIT A (continued)**

### **Standard 1 - Organization and Governance**

1A.) The Standard for more than 50% Plan control is:

A Controlled Affiliate shall be organized and operated in such a manner that a licensed Plan or Plans authorized to use the Licensed Marks in the Service Area of the Controlled Affiliate pursuant to separate License Agreement(s) with BCBSA, other than such Controlled Affiliate's License Agreement(s), (the "Controlling Plan(s)"), have the legal authority, directly or indirectly through wholly-owned subsidiaries: 1) to select members of the Controlled Affiliate's governing body having more than 50% voting control thereof; and 2) to prevent any change in the articles of incorporation, bylaws or other establishing or governing documents of the Controlled Affiliate with which the Controlling Plan(s) do(es) not concur; and 3) to exercise control over the policy and operations of the Controlled Affiliate. In addition, a Plan or Plans directly or indirectly through wholly-owned subsidiaries shall own more than 50% of any for-profit Controlled Affiliate.

1B.) The Standard for 50% Plan control is:

A Controlled Affiliate shall be organized and operated in such a manner that a licensed Plan or Plans authorized to use the Licensed Marks in the Service Area of the Controlled Affiliate pursuant to separate License Agreement(s) with BCBSA, other than such Controlled Affiliate's License Agreement(s), (the "Controlling Plan(s)"), have the legal authority, directly or indirectly through wholly-owned subsidiaries:

- 1) to select members of the Controlled Affiliate's governing body having not less than 50% voting control thereof; and
- 2) to prevent any change in the articles of incorporation, bylaws or other establishing or governing documents of the Controlled Affiliate with which the Controlling Plan(s) do(es) not concur; and
- 3) to exercise control over the policy and operations of the Controlled Affiliate at least equal to that exercised by persons or entities (jointly or individually) other than the Controlling Plan(s).

## **EXHIBIT A (continued)**

Notwithstanding anything to the contrary in 1) through 3) hereof, the Controlled Affiliate's establishing or governing documents must also require written approval by the Controlling Plan(s) before the Controlled Affiliate can:

- o change the geographic area in which it operates
- o change its legal and/or trade names
- o change any of the types of businesses in which it engages
- o create, or become liable for by way of guarantee, any indebtedness, other than indebtedness arising in the ordinary course of business
- o sell any assets, except for sales in the ordinary course of business or sales of equipment no longer useful or being replaced
- o make any loans or advances except in the ordinary course of business
- o enter into any arrangement or agreement with any party directly or indirectly affiliated with any of the owners or persons or entities with the authority to select or appoint members or board members of the Controlled Affiliate, other than the Plan or Plans (excluding owners of stock holdings of under 5% in a publicly traded Controlled Affiliate)
- o conduct any business other than under the Licensed Marks and Name
- o take any action that any Controlling Plan or BCBSA reasonably believes will adversely affect the Licensed Marks and Name.

In addition, a Plan or Plans directly or indirectly through wholly-owned subsidiaries shall own at least 50% of any for-profit Controlled Affiliate.

## **EXHIBIT A (continued)**

### **Standard 2 - Financial Responsibility**

A Controlled Affiliate shall be operated in a manner that provides reasonable financial assurance that it can fulfill all of its contractual obligations to its customers. If a risk-assuming Controlled Affiliate ceases operations for any reason, Blue Cross and/or Blue Cross Plan coverage will be offered to all Controlled Affiliate subscribers without exclusions, limitations or conditions based on health status. If a nonrisk-assuming Controlled Affiliate ceases operations for any reason, sponsoring Plan(s) will provide for services to its (their) customers. The requirements of the preceding two sentences shall apply to all lines of business unless a line of business is specially exempted from the requirement(s) by the BCBSA Board of Directors.

### **Standard 3 - State Licensure/Certification**

3A.) The Standard for a Controlled Affiliate that employs, owns or contracts on a substantially exclusive basis for medical services is:

A Controlled Affiliate shall maintain unimpaired licensure or certification for its medical care providers to operate under applicable state laws.

3B.) The Standard for a Controlled Affiliate that does not employ, own or contract on a substantially exclusive basis for medical services is:

A Controlled Affiliate shall maintain unimpaired licensure or certification to operate under applicable state laws.

### **Standard 4 - Certain Disclosures**

A Controlled Affiliate shall make adequate disclosure in contracting with third parties and in disseminating public statements of 1) the structure of the Blue Cross and Blue Shield System; and 2) the independent nature of every licensee; and 3) the Controlled Affiliate's financial condition.

### **Standard 5 - Reports and Records for Certain Smaller Controlled Affiliates**

For a smaller Controlled Affiliate that does not underwrite the indemnity portion of workers' compensation insurance, the Standard is:

**Amended as of June 16, 2005**

## **EXHIBIT A (continued)**

A Controlled Affiliate and/or its licensed Plan(s) shall furnish, on a timely and accurate basis, reports and records relating to these Standards and the License Agreements between BCBSA and Controlled Affiliate.

### **Standard 6 - Other Standards for Larger Controlled Affiliates**

Standards 6(A) - (I) that follow apply to larger Controlled Affiliates.

#### Standard 6(A): Board of Directors

A Controlled Affiliate Governing Board shall act in the interest of its Corporation in providing cost-effective health care services to its customers. A Controlled Affiliate shall maintain a governing Board, which shall control the Controlled Affiliate, composed of a majority of persons other than providers of health care services, who shall be known as public members. A public member shall not be an employee of or have a financial interest in a health care provider, nor be a member of a profession which provides health care services.

#### Standard 6(B): Responsiveness to Customers

A Controlled Affiliate shall be operated in a manner responsive to customer needs and requirements.

#### Standard 6(C): Participation in National Programs

A Controlled Affiliate shall effectively and efficiently participate in each national program as from time to time may be adopted by the Member Plans for the purposes of providing portability of membership between the licensees and ease of claims processing for customers receiving benefits outside of the Controlled Affiliate's Service Area.

Such programs are applicable to licensees, and include:

1. Transfer Program;
2. BlueCard Program;

## **EXHIBIT A (continued)**

3. Inter-Plan Teleprocessing System (ITS);
4. National Account Programs;
5. Business Associate Agreement for Blue Cross and Blue Shield Licensees, effective April 14, 2003; and
6. Inter-Plan Medicare Advantage Program.

### Standard 6(D): Financial Performance Requirements

In addition to requirements under the national programs listed in Standard 6C: Participation in National Programs, a Controlled Affiliate shall take such action as required to ensure its financial performance in programs and contracts of an inter-licensee nature or where BCBSA is a party.

### Standard 6(E): Cooperation with Plan Performance Response Process

A Controlled Affiliate shall cooperate with BCBSA's Board of Directors and its Brand Enhancement & Protection Committee in the administration of the Plan Performance Response Process and in addressing Controlled Affiliate performance problems identified thereunder.

### Standard 6(F): Independent Financial Rating

A Controlled Affiliate shall obtain a rating of its financial strength from an independent rating agency approved by BCBSA's Board of Directors for such purpose.

### Standard 6(G): Local and National Best Efforts

Notwithstanding any other provision in the Plan's License Agreement with BCBSA or in this License Agreement, during each year, a Controlled Affiliate shall use its best efforts to promote and build the value of the Blue Cross Mark.

### Standard 6(H): Financial Responsibility

A Controlled Affiliate shall be operated in a manner that provides reasonable financial assurance that it can fulfill all of its contractual obligations to its customers.

**Amended November 15, 2007**



## **EXHIBIT A (continued)**

### Standard 6(I): Reports and Records

A Controlled Affiliate shall furnish to BCBSA on a timely and accurate basis reports and records relating to compliance with these Standards and the License Agreements between BCBSA and Controlled Affiliate. Such reports and records are the following:

- A) BCBSA Controlled Affiliate Licensure Information Request; and
- B) Biennial trade name and service mark usage material, including disclosure material; and
- C) Changes in the ownership and governance of the Controlled Affiliate, including changes in its charter, articles of incorporation, or bylaws, changes in a Controlled Affiliate's Board composition, or changes in the identity of the Controlled Affiliate's Principal Officers, and changes in risk acceptance, contract growth, or direct delivery of medical care; and
- D) Semi-annual "Health Risk-Based Capital (HRBC) Report" as defined by the NAIC, Annual Certified Audit Report, Insurance Department Examination Report, Annual Statement filed with State Insurance Department (with all attachments), and

**Amended November 17, 2011**

## **EXHIBIT A (continued)**

### Standard 6(J): Control by Unlicensed Entities Prohibited

No Controlled Affiliate shall cause or permit an entity other than a Plan or a Licensed Controlled Affiliate thereof to obtain control of the Controlled Affiliate or to acquire a substantial portion of its assets related to licensable services.

### **Standard 7 - Other Standards for Risk-Assuming Workers' Compensation Controlled Affiliates**

Standards 7(A) - (E) that follow apply to Controlled Affiliates that underwrite the indemnity portion of workers' compensation insurance.

#### Standard 7 (A): Financial Responsibility

A Controlled Affiliate shall be operated in a manner that provides reasonable financial assurance that it can fulfill all of its contractual obligations to its customers.

#### Standard 7(B): Reports and Records

A Controlled Affiliate shall furnish, on a timely and accurate basis, reports and records relating to compliance with these Standards and the License Agreements between BCBSA and the Controlled Affiliate. Such reports and records are the following:

- A. BCBSA Controlled Affiliate Licensure Information Request; and
- B. Biennial trade name and service mark usage materials, including disclosure materials; and
- C. Annual Certified Audit Report, Annual Statement as filed with the State Insurance Department (with all attachments), Annual NAIC's Risk-Based Capital Worksheets for Property and Casualty Insurers ; and
- D. Quarterly Estimated Risk-Based Capital for Property and Casualty Insurers, Insurance Department Examination Report; and

**Amended November 17, 2011**

## **EXHIBIT A (continued)**

- E. Notification of all changes and proposed changes to independent ratings within 30 days of receipt and submission of a copy of all rating reports; and
- F. Changes in the ownership and governance of the Controlled Affiliate including changes in its charter, articles of incorporation, or bylaws, changes in a Controlled Affiliate's Board composition, Plan control, state license status, operating area, the Controlled Affiliate's Principal Officers or direct delivery of medical care.

### Standard 7(C): Loss Prevention

A Controlled Affiliate shall apply loss prevention protocol to both new and existing business.

### Standard 7(D): Claims Administration

A Controlled Affiliate shall maintain an effective claims administration process that includes all the necessary functions to assure prompt and proper resolution of medical and indemnity claims.

### Standard 7(E): Disability and Provider Management

A Controlled Affiliate shall arrange for the provision of appropriate and necessary medical and rehabilitative services to facilitate early intervention by medical professionals and timely and appropriate return to work.

**Amended November 16, 2000**

## **EXHIBIT A (continued)**

### **Standard 8 - Cooperation with Controlled Affiliate License Performance Response Process Protocol**

A Controlled Affiliate and its Sponsoring Plan(s) shall cooperate with BCBSA's Board of Directors and its Brand Enhancement & Protection Committee in the administration of the Controlled Affiliate License Performance Response Process Protocol (ALPRPP) and in addressing Controlled Affiliate compliance problems identified thereunder.

### **Standard 9(A) - Participation in National Programs by Smaller Controlled Affiliates that were former Primary Licensees**

A smaller controlled affiliate that formerly was a Primary Licensee shall effectively and efficiently participate in certain national programs from time to time as may be adopted by Member Plans for the purposes of providing ease of claims processing for customers receiving benefits outside of the Controlled Affiliate's service area and be subject to certain relevant financial and reporting requirements.

- A. National program requirements include:
- BlueCard Program;
  - Inter-Plan Teleprocessing System (ITS);
  - Transfer Program;
  - National Account Programs.
- B. Financial Requirements include:
- Standard 6(D): Financial Performance Requirements and Standard 6(H): Financial Responsibility; or
  - A financial guarantee covering the Controlled Affiliate's Inter-Plan Programs obligations in a form, and from a guarantor, acceptable to BCBSA.

**Amended November 15, 2007**

**EXHIBIT A (continued)**

**Standard 9(A) - Participation in National Programs by Smaller Controlled Affiliates that were former Primary Licensees**

C. Reporting requirements include:

- The Semi-annual Health Risk-Based Capital (HRBC) Report.

**Amended June 13, 2002**

## **EXHIBIT A (continued)**

### **Standard 9(B) - Participation in National Programs by Smaller Controlled Affiliates**

A smaller controlled affiliate shall to participate in national programs in accordance with BlueCard and other relevant Policies and Provisions shall effectively and efficiently participate in national programs from time to time as may be adopted by Member Plans for the purposes of providing ease of claims processing for customers receiving benefits outside of the controlled affiliate's service area and be subject to certain relevant financial and reporting requirements.

A. National program requirements include:

- BlueCard Program;
- Inter-Plan Teleprocessing System (ITS);
- National Account Programs.

B. Financial Requirements include:

- Standard 6(D): Financial Performance Requirements and Standard 6(H): Financial Responsibility; or
- A financial guarantee covering the Controlled Affiliate's BlueCard Program obligations in a form, and from a guarantor, acceptable to BCBSA.

**Amended June 20, 2013**

**EXHIBIT A (continued)**

**Standard 10 - Other Standards for Controlled Affiliates Whose Primary Business is Government Non-Risk**

Standards 10(A) - (C) that follow apply to Controlled Affiliates whose primary business is government non-risk.

Standard 10(A) - Organization and Governance

A Controlled Affiliate shall be organized and operated in such a manner that it is 1) wholly owned by a licensed Plan or Plans and 2) the sponsoring licensed Plan or Plans have the legal ability to prevent any change in the articles of incorporation, bylaws or other establishing or governing documents of the Controlled Affiliate with which it does not concur.

## **EXHIBIT A (continued)**

### Standard 10(B) - Financial Responsibility

A Controlled Affiliate shall be operated in a manner that provides reasonable financial assurance that it can fulfill all of its contractual obligations to its customers.

### Standard 10(C) - Reports and Records

A Controlled Affiliate shall furnish, on a timely and accurate basis, reports and records relating to compliance with these Standards and the License Agreements between BCBSA and the Controlled Affiliate. Such reports and records are the following:

- A. BCBSA Affiliate Licensure Information Request; and
- B. Biennial trade name and service mark usage materials, including disclosure material; and
- C. Annual Certified Audit Report, Annual Statement (if required) as filed with the State Insurance Department (with all attachments), Annual NAIC Risk-Based Capital Worksheets (if required) as filed with the State Insurance Department (with all attachments), and Insurance Department Examination Report (if applicable)\*; and
- D. Changes in the ownership and governance of the Controlled Affiliate, including changes in its charter, articles of incorporation, or bylaws, changes in the Controlled Affiliate's Board composition, Plan control, state license status, operating area, the Controlled Affiliate's Principal Officers or direct delivery of medical care.



## **EXHIBIT A (continued)**

### **Standard 11- Participation in Inter-Plan Medicare Advantage Program**

A smaller controlled affiliate for which this standard applies pursuant to the Preamble section of Exhibit A of the Controlled Affiliate License Agreement shall effectively and efficiently participate in certain national programs from time to time as may be adopted by Member Plans for the purposes of providing ease of claims processing for customers receiving benefits outside of the controlled affiliate's service area.

National program requirements include:

- A. Inter-Plan Medicare Advantage Program.

**Amended November 15, 2007**

**EXHIBIT A (continued)**

**Standard 12: Participation in Master Business Associate Agreement by Smaller Controlled Affiliate Licensees**

Effective April 14, 2003, all smaller controlled affiliates shall comply with the terms of the Business Associate Agreement for Blue Cross and Blue Shield Licensees to the extent they perform the functions of a business associate or subcontractor to a business associate, as defined by the Business Associate Agreement.

**Amended September 19, 2002**

**EXHIBIT B**  
**ROYALTY FORMULA FOR SECTION 9 OF THE**  
**CONTROLLED AFFILIATE LICENSE AGREEMENT**

Controlled Affiliate will pay BCBSA a fee for this license in accordance with the following formula:

**FOR RISK AND GOVERNMENT NON-RISK PRODUCTS:**

For Controlled Affiliates not underwriting the indemnity portion of workers' compensation insurance:

An amount equal to its pro rata share of each sponsoring Plan's dues payable to BCBSA computed with the addition of the Controlled Affiliate's members using the Marks on health care plans and related services as reported on the Quarterly Enrollment Report with BCBSA. The payment by each sponsoring Plan of its dues to BCBSA, including that portion described in this paragraph, will satisfy the requirement of this paragraph, and no separate payment will be necessary.

For Controlled Affiliates underwriting the indemnity portion of workers' compensation insurance:

An amount equal to 0.35 percent of the gross revenue per annum of Controlled Affiliate arising from products using the marks; plus, an annual fee of \$5,000 per license for a Controlled Affiliate subject to Standard 7.

For Controlled Affiliates whose primary business is government non-risk:

An amount equal to its pro-rata share of each sponsoring Plan's dues payable to BCBSA computed with the addition of the Controlled Affiliate's government non-risk beneficiaries.

**Amended June 14, 2007**

## **EXHIBIT B (continued)**

### **FOR NONRISK PRODUCTS:**

For third-party administrative business, an amount equal to its pro rata share of each sponsoring Plan's dues payable to BCBSA computed with the addition of the Controlled Affiliate's members using the Marks on health care plans and related services as reported on the Quarterly Enrollment Report with BCBSA. The payment by each sponsoring Plan of its dues to BCBSA, including that portion described in this paragraph, will satisfy the requirement of this paragraph, and no separate payment will be necessary.

For non-third party administrative business (e.g., case management, provider networks, etc.), an amount equal to 0.24 percent of the gross revenue per annum of Controlled Affiliate arising from products using the marks; plus:

- 1) An annual fee of \$5,000 per license for a Controlled Affiliate subject to Standard 6 D.
- 2) An annual fee of \$2,000 per license for all other Controlled Affiliates.

The foregoing shall be reduced by one-half where both a BLUE CROSS® and BLUE SHIELD® License are issued to the same Controlled Affiliate. In the event that any license period is greater or less than one (1) year, any amounts due shall be prorated. Royalties under this formula will be calculated, billed and paid in arrears.

**Amended June 14, 2007**

**BLUE SHIELD  
CONTROLLED AFFILIATE LICENSE AGREEMENT**  
(Includes revisions adopted by Member Plans through their March 27, 2014 meeting)

This Agreement by and among Blue Cross and Blue Shield Association ("BCBSA") and \_\_\_\_\_ ("Controlled Affiliate"), a Controlled Affiliate of the Blue Shield Plan(s), known as \_\_\_\_\_ ("Plan"), which is also a Party signatory hereto.

WHEREAS, BCBSA is the owner of the BLUE SHIELD and BLUE SHIELD Design service marks;

WHEREAS, Plan and Controlled Affiliate desire that the latter be entitled to use the BLUE SHIELD and BLUE SHIELD Design service marks (collectively the "Licensed Marks") as service marks and be entitled to use the term BLUE SHIELD in a trade name ("Licensed Name");

NOW THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

**1. GRANT OF LICENSE**

Subject to the terms and conditions of this Agreement, BCBSA hereby grants to Controlled Affiliate the right to use the Licensed Marks and Name in connection with, and only in connection with: (i) health care plans and related services, as defined in BCBSA's License Agreement with Plan, and administering the non-health portion of workers' compensation insurance, and (ii) underwriting the indemnity portion of workers' compensation insurance, provided that Controlled Affiliate's total premium revenue comprises less than 15 percent of the sponsoring Plan's net subscription revenue.

This grant of rights is non-exclusive and is limited to the Service Area served by the Plan. Controlled Affiliate may use the Licensed Marks and Name in its legal name on the following conditions: (i) the legal name must be approved in advance, in writing, by BCBSA; (ii) Controlled Affiliate shall not do business outside the Service Area under any name or mark; and (iii) Controlled Affiliate shall not use the Licensed Marks and Name, or any derivative thereof, as part of any name or symbol used to identify itself in any securities market. Controlled Affiliate may use the Licensed Marks and Name in its Trade Name only with the prior, written, consent of BCBSA.

**2. QUALITY CONTROL**

A. Controlled Affiliate agrees to use the Licensed Marks and Name only in connection with the licensed services and further agrees to be bound by the conditions regarding quality control shown in attached Exhibit A as they may be amended by BCBSA from time-to-time.

**Amended as of November 16, 2000**

B. Controlled Affiliate agrees to comply with all applicable federal, state and local laws.

C. Controlled Affiliate agrees that it will provide on an annual basis (or more often if reasonably required by Plan or by BCBSA) a report or reports to Plan and BCBSA demonstrating Controlled Affiliate's compliance with the requirements of this Agreement including but not limited to the quality control provisions of this paragraph and the attached Exhibit A.

D. Controlled Affiliate agrees that Plan and/or BCBSA may, from time-to-time, upon reasonable notice, review and inspect the manner and method of Controlled Affiliate's rendering of service and use of the Licensed Marks and Name.

E. As used herein, a Controlled Affiliate is defined as an entity organized and operated in such a manner, that it meets the following requirements:

(1) A Plan or Plans authorized to use the Licensed Marks in the Service Area of the Controlled Affiliate pursuant to separate License Agreement(s) with BCBSA, other than such Controlled Affiliate's License Agreement(s), (the "Controlling Plan(s)"), must have the legal authority directly or indirectly through wholly-owned subsidiaries to select members of the Controlled Affiliate's governing body having not less than 50% voting control thereof and to:

(a) prevent any change in the articles of incorporation, bylaws or other establishing or governing documents of the Controlled Affiliate with which the Controlling Plan(s) do(es) not concur;

(b) exercise control over the policy and operations of the Controlled Affiliate at least equal to that exercised by persons or entities (jointly or individually) other than the Controlling Plan(s); and

Notwithstanding anything to the contrary in (a) through (b) hereof, the Controlled Affiliate's establishing or governing documents must also require written approval by the Controlling Plan(s) before the Controlled Affiliate can:

- (i) change its legal and/or trade names;
- (ii) change the geographic area in which it operates;
- (iii) change any of the type(s) of businesses in which it engages;

- (iv) create, or become liable for by way of guarantee, any indebtedness, other than indebtedness arising in the ordinary course of business;
- (v) sell any assets, except for sales in the ordinary course of business or sales of equipment no longer useful or being replaced;
- (vi) make any loans or advances except in the ordinary course of business;
- (vii) enter into any arrangement or agreement with any party directly or indirectly affiliated with any of the owners or persons or entities with the authority to select or appoint members or board members of the Controlled Affiliate, other than the Plan or Plans (excluding owners of stock holdings of under 5% in a publicly traded Controlled Affiliate);
- (viii) conduct any business other than under the Licensed Marks and Name;
- (ix) take any action that any Controlling Plan or BCBSA reasonably believes will adversely affect the Licensed Marks and Name.

In addition, a Plan or Plans directly or indirectly through wholly owned subsidiaries shall own at least 50% of any for-profit Controlled Affiliate.

Or

(2) A Plan or Plans authorized to use the Licensed Marks in the Service Area of the Controlled Affiliate pursuant to separate License Agreement(s) with BCBSA, other than such Controlled Affiliate's License Agreement(s), (the "Controlling Plan(s)"), have the legal authority directly or indirectly through wholly-owned subsidiaries to select members of the Controlled Affiliate's governing body having more than 50% voting control thereof and to:

- (a) prevent any change in the articles of incorporation, bylaws or other establishing or governing documents of the Controlled Affiliate with which the Controlling Plan(s) do(es) not concur;
- (b) exercise control over the policy and operations of the Controlled Affiliate.

In addition, a Plan or Plans directly or indirectly through wholly-owned subsidiaries shall own more than 50% of any for-profit Controlled Affiliate.

### **3. SERVICE MARK USE**

A. Controlled Affiliate recognizes the importance of a comprehensive national network of independent BCBSA licensees which are committed to strengthening the Licensed Marks and Name. The Controlled Affiliate further recognizes that its actions within its Service Area may affect the value of the Licensed Marks and Name nationwide.

B. Controlled Affiliate shall at all times make proper service mark use of the Licensed Marks and Name, including but not limited to use of such symbols or words as BCBSA shall specify to protect the Licensed Marks and Name and shall comply with such rules (generally applicable to Controlled Affiliates licensed to use the Licensed Marks and Name) relative to service mark use, as are issued from time-to-time by BCBSA. Controlled Affiliate recognizes and agrees that all use of the Licensed Marks and Name by Controlled Affiliate shall inure to the benefit of BCBSA.

C. Controlled Affiliate may not directly or indirectly use the Licensed Marks and Name in a manner that transfers or is intended to transfer in the Service Area the goodwill associated therewith to another mark or name, nor may Controlled Affiliate engage in activity that may dilute or tarnish the unique value of the Licensed Marks and Name.

D. If Controlled Affiliate meets the standards of 2E(1) but not 2E(2) above and any of Controlled Affiliate's advertising or promotional material is reasonably determined by BCBSA and/or the Plan to be in contravention of rules and regulations governing the use of the Licensed Marks and Name, Controlled Affiliate shall for ninety (90) days thereafter obtain prior approval from BCBSA of advertising and promotional efforts using the Licensed Marks and Name, approval or disapproval thereof to be forthcoming within five (5) business days of receipt of same by BCBSA or its designee. In all advertising and promotional efforts, Controlled Affiliate shall observe the Service Area limitations applicable to Plan.

E. Notwithstanding any other provision in the Plan's License Agreement with BCBSA or in this Agreement, Controlled Affiliate shall use its best efforts to promote and build the value of the Licensed Marks and Name.



#### **4. SUBLICENSING AND ASSIGNMENT**

Controlled Affiliate shall not, directly or indirectly, sublicense, transfer, hypothecate, sell, encumber or mortgage, by operation of law or otherwise, the rights granted hereunder and any such act shall be voidable at the sole option of Plan or BCBSA. This Agreement and all rights and duties hereunder are personal to Controlled Affiliate.

#### **5. INFRINGEMENT**

Controlled Affiliate shall promptly notify Plan and Plan shall promptly notify BCBSA of any suspected acts of infringement, unfair competition or passing off that may occur in relation to the Licensed Marks and Name. Controlled Affiliate shall not be entitled to require Plan or BCBSA to take any actions or institute any proceedings to prevent infringement, unfair competition or passing off by third parties. Controlled Affiliate agrees to render to Plan and BCBSA, without charge, all reasonable assistance in connection with any matter pertaining to the protection of the Licensed Marks and Name by BCBSA.

#### **6. LIABILITY INDEMNIFICATION**

Controlled Affiliate and Plan hereby agree to save, defend, indemnify and hold BCBSA harmless from and against all claims, damages, liabilities and costs of every kind, nature and description (except those arising solely as a result of BCBSA's negligence) that may arise as a result of or related to: (i) Controlled Affiliate's rendering of services under the Licensed Marks and Name; or (ii) the activities of any hospital, medical group, clinic or other provider of health services that is owned or controlled directly or indirectly by Plan or Controlled Affiliate.

#### **7. LICENSE TERM**

A. Except as otherwise provided herein, the license granted by this Agreement shall remain in effect for a period of one (1) year and shall be automatically extended for additional one (1) year periods unless terminated pursuant to the provisions herein.

B. This Agreement and all of Controlled Affiliate's rights hereunder shall immediately terminate without any further action by any party or entity in the event that: (i) the Plan ceases to be authorized to use the Licensed Marks and Name; or (ii) pursuant to Paragraph 15(a)(x) of the Blue Cross License Agreement the Plan ceases to be authorized to use the Licensed Names and Marks in the geographic area served by the Controlled Affiliate provided, however, that if the Controlled Affiliate is serving more than one State or portions thereof, the termination of this Agreement shall be limited to the State(s) or portions thereof in which the Plan's license to use the Licensed Marks and Names is terminated. By not appealing or challenging such regulatory action within the time prescribed by law or regulation, and in any event no later than 120 days after such action is taken, a Plan shall be deemed to have exhausted its rights to appeal or challenge, and automatic termination shall proceed.

**Amended as of June 21, 2012**

C. Notwithstanding any other provision of this Agreement, this license to use the Licensed Marks and Name may be forthwith terminated by the Plan or the affirmative vote of the majority of the Board of Directors of BCBSA present and voting at a special meeting expressly called by BCBSA for the purpose on ten (10) days written notice to the Plan advising of the specific matters at issue and granting the Plan an opportunity to be heard and to present its response to the Board for: (1) failure to comply with any applicable minimum capital or liquidity requirement under the quality control standards of this Agreement; or (2) failure to comply with the "Organization and Governance" quality control standard of this Agreement; or (3) impending financial insolvency; or (4) for a Smaller Controlled Affiliate (as defined in Exhibit A), failure to comply with any of the applicable requirements of Standards 2, 3, 4, 5 or 7 of attached Exhibit A; or (5) the pendency of any action instituted against the Controlled Affiliate seeking its dissolution or liquidation of its assets or seeking appointment of a trustee, interim trustee, receiver or other custodian for any of its property or business or seeking the declaration or establishment of a trust for any of its property or business, unless this Controlled Affiliate License Agreement has been earlier terminated under paragraph 7(e); or (6) failure by a Controlled Affiliate that meets the standards of 2E(1) but not 2E(2) above to obtain BCBSA's written consent to a change in the identity of any owner, in the extent of ownership, or in the identity of any person or entity with the authority to select or appoint members or board members, provided that as to publicly traded Controlled Affiliates this provision shall apply only if the change affects a person or entity that owns at least 5% of the Controlled Affiliate's stock before or after the change; or (7) such other reason as is determined in good faith immediately and irreparably to threaten the integrity and reputation of BCBSA, the Plans, any other licensee including Controlled Affiliate and/or the Licensed Marks and Name.

D. Except as otherwise provided in Paragraphs 7(B), 7(C) or 7(E) herein, should Controlled Affiliate fail to comply with the provisions of this Agreement and not cure such failure within thirty (30) days of receiving written notice thereof (or commence a cure within such thirty day period and continue diligent efforts to complete the cure if such curing cannot reasonably be completed within such thirty day period) BCBSA or the Plan shall have the right to issue a notice that the Controlled Affiliate is in a state of noncompliance. If a state of noncompliance as aforesaid is undisputed by the Controlled Affiliate or is found to exist by a mandatory dispute resolution panel and is uncured as provided above, BCBSA shall have the right to seek judicial enforcement of the Agreement or to issue a notice of termination thereof. Notwithstanding any other provisions of this Agreement, any disputes as to the termination of this License pursuant to Paragraphs 7(B), 7(C) or 7(E) of this Agreement shall not be subject to mediation and mandatory dispute resolution. All other disputes between BCBSA, the Plan and/or Controlled Affiliate shall be submitted promptly to mediation and mandatory dispute resolution. The mandatory dispute resolution panel shall have authority to issue orders for specific performance and assess monetary penalties. Except, however, as provided in Paragraphs 7(B) and 7(E) of this Agreement, this license to use the Licensed Marks and Name may not be finally terminated for any reason without the affirmative vote of a majority of the present and voting members of the Board of Directors of BCBSA.

E. This Agreement and all of Controlled Affiliate's rights hereunder shall immediately terminate without any further action by any party or entity in the event that:

(1) Controlled Affiliate shall no longer comply with item 2(E) above;

(2) Appropriate dues, royalties and other payments for Controlled Affiliate pursuant to paragraph 9 hereof, which are the royalties for this License Agreement, are more than sixty (60) days in arrears to BCBSA; or

(3) Any of the following events occur: (i) a voluntary petition shall be filed by Controlled Affiliate seeking bankruptcy, reorganization, arrangement with creditors or other relief under the bankruptcy laws of the United States or any other law governing insolvency or debtor relief, or (ii) an involuntary petition or proceeding shall be filed against Controlled Affiliate seeking bankruptcy, reorganization, arrangement with creditors or other relief under the bankruptcy laws of the United States or any other law governing insolvency or debtor relief and such petition or proceeding is consented to or acquiesced in by Controlled Affiliate or is not dismissed within sixty (60) days of the date upon which the petition or other document commencing the proceeding is served upon the Controlled Affiliate, or (iii) an order for relief is entered against Controlled Affiliate in any case under the bankruptcy laws of the United States, or Controlled Affiliate is adjudged bankrupt or insolvent as those terms are defined in the Uniform Commercial Code as enacted in the State of Illinois by any court of competent jurisdiction, or (iv) Controlled Affiliate makes a general assignment of its assets for the benefit of creditors, or (v) any government or any government official, office, agency, branch, or unit assumes control of Controlled Affiliate or delinquency proceedings (voluntary or involuntary) are instituted, or (vi) an action is brought by Controlled Affiliate seeking its dissolution or liquidation of its assets or seeking the appointment of a trustee, interim trustee, receiver or other custodian for any of its property or business, or (vii) an action is instituted by any governmental entity or officer against Controlled Affiliate seeking its dissolution or liquidation of its assets or seeking the appointment of a trustee, interim trustee, receiver or other custodian for any of its property or business and such action is consented to or acquiesced in by Controlled Affiliate or is not dismissed within one hundred thirty (130) days of the date upon which the pleading or other document commencing the action is served upon the Controlled Affiliate, provided that if the action is stayed or its prosecution is enjoined, the one hundred thirty (130) day period is tolled for the duration of the stay or injunction, and provided further, that the Association's Board of Directors may toll or extend the 130 day period at any time prior to its expiration, or (viii) a trustee, interim trustee, receiver or other custodian for any of Controlled Affiliate's property or business is appointed or the Controlled Affiliate is ordered dissolved or liquidated. Notwithstanding any other provision of this Agreement, a declaration or a request for declaration of the existence of a trust over any of the Controlled Affiliate's property or business shall not in itself be deemed to constitute or seek appointment of a trustee, interim trustee, receiver or other custodian for purposes of subparagraphs 7(e)(3)(vii) and (viii) of this Agreement.

**Amended as of March 18, 2004**

F. Upon termination of this Agreement for cause or otherwise, Controlled Affiliate agrees that it shall immediately discontinue all use of the Licensed Marks and Name, including any use in its trade name.

G. Upon termination of this Agreement, Controlled Affiliate shall immediately notify all of its customers that it is no longer a licensee of BCBSA and, if directed by the Association's Board of Directors, shall provide instruction on how the customer can contact BCBSA or a designated licensee to obtain further information on securing coverage. The notification required by this paragraph shall be in writing and in a form approved by BCBSA. The BCBSA shall have the right to audit the terminated entity's books and records to verify compliance with this paragraph.

H. In the event this Agreement terminates pursuant to 7(b) hereof, or in the event the Controlled Affiliate is a Larger Controlled Affiliate (as defined in Exhibit A), upon termination of this Agreement, the provisions of Paragraph 7.G. shall not apply and the following provisions shall apply, except that, in the event of a partial termination of this Agreement pursuant to Paragraph 7(B)(ii) of this Agreement, the notices, national account listing, payment, and audit right listed below shall be applicable solely with respect to the geographic area for which the Plan's license to use the Licensed Names and Marks is terminated:

(1) The Controlled Affiliate shall send a notice through the U.S. mails, with first class postage affixed, to all individual and group customers, providers, brokers and agents of products or services sold, marketed, underwritten or administered by the Controlled Affiliate under the Licensed Marks and Name. The form and content of the notice shall be specified by BCBSA and shall, at a minimum, notify the recipient of the termination of the license, the consequences thereof, and instructions for obtaining alternate products or services licensed by BCBSA, subject to any conflicting state law and state regulatory requirements. This notice shall be mailed within 15 days after termination.

(2) The Controlled Affiliate shall deliver to BCBSA within five days of a request by BCBSA a listing of national accounts in which the Controlled Affiliate is involved (in a control, participating or servicing capacity), identifying the national account and the Controlled Affiliate's role therein.

(3) Unless the cause of termination is an event respecting BCBSA stated in paragraph 15(a) or (b) of the Plan's license agreement with BCBSA to use the Licensed Marks and Name, the Controlled Affiliate, the Plan, and any other Licensed Controlled Affiliates of the Plan shall be jointly liable for payment to BCBSA of an amount equal to the Re-Establishment Fee (described below) multiplied by the number of Licensed Enrollees of the Controlled Affiliate; provided that if any other Plan is permitted by BCBSA to use marks or names licensed by BCBSA in the Service Area established by this Agreement, the Re-Establishment Fee shall be multiplied by a fraction, the numerator of which is the number of Licensed Enrollees of the Controlled Affiliate, the Plan, and any other Licensed Controlled Affiliates and the denominator of which is the total number of Licensed Enrollees in the Service Area.

**Amended as of June 16, 2005**

The Re-Establishment Fee shall be indexed to a base fee of \$80. The Re-Establishment Fee through December 31, 2005 shall be \$80. The Re-Establishment Fee for calendar years after December 31, 2005 shall be adjusted on January 1 of each calendar year up to and including January 1, 2010 and shall be the base fee multiplied by 100% plus the cumulative percentage increase or decrease in the Plans' gross administrative expense (standard BCBSA definition) per Licensed Enrollee since December 31, 2004. The adjustment shall end on January 1, 2011, at which time the Re-Establishment Fee shall be fixed at the then-current amount and no longer automatically adjusted. For example, if the Plans' gross administrative expense per Licensed Enrollee was \$278.60, \$285.00 and \$290.00 for calendar year end 2004, 2005 and 2006, respectively, the January 1, 2007 Re-Establishment Fee would be \$83.27 (100% of base fee plus \$1.84 for calendar year 2005 and \$1.43 for calendar year 2006. Licensed Enrollee means each and every person and covered dependent who is enrolled as an individual or member of a group receiving products or services sold, marketed or administered under marks or names licensed by BCBSA as determined at the earlier of (i) the end of the last fiscal year of the terminated entity which ended prior to termination or (ii) the fiscal year which ended before any transactions causing the termination began. Notwithstanding the foregoing, the amount payable pursuant to this subparagraph H. (3) shall be due only to the extent that, in BCBSA's opinion, it does not cause the net worth of the Controlled Affiliate, the Plan or any other Licensed Controlled Affiliates of the Plan to fall below 100% of the Health Risk-Based Capital formula, or its equivalent under any successor formula, as set forth in the applicable financial responsibility standards established by BCBSA (provided such equivalent is approved for purposes of this sub paragraph by the affirmative vote of three-fourths of the Plans and three-fourths of the total then current weighted vote of all the Plans); measured as of the date of termination, and adjusted for the value of any transactions not made in the ordinary course of business. This payment shall not be due in connection with transactions exclusively by or among Plans or their affiliates, including reorganizations, combinations or mergers, where the BCBSA Board of Directors determines that the license termination does not result in a material diminution in the number of Licensed Enrollees or the extent of their coverage. At least 50% of the Re-Establishment Fee shall be awarded to the Plan (or Plans) that receive the new license(s) for the service area(s) at issue; provided, however, that such award shall not become due or payable until all disputes, if any, regarding the amount of and BCBSA's right to such Re-Establishment Fee have been finally resolved; and provided further that the award shall be based on the final amount actually received by BCBSA. The Board of Directors shall adopt a resolution which it may amend from time to time that shall govern BCBSA's use of its portion of the award. In the event that the Controlled Affiliate's license is reinstated by BCBSA or is deemed to have remained in effect without interruption by a court of competent jurisdiction, BCBSA shall reimburse the Controlled Affiliate (and/or the Plan or its other Licensed Controlled Affiliates, as the case may be) for payments made under this subparagraph 7.H.(3) only to the extent that such payments exceed the amounts due to BCBSA pursuant to paragraph 7.M. and any cost associated with reestablishing the Service Area, including any payments made by BCBSA to a Plan or Plans (or their Licensed Controlled Affiliates) for purposes of replacing the Controlled Affiliate.

**Amended as June 16, 2005**

(4) BCBSA shall have the right to examine and audit and/or hire at terminated entity's expense a third party auditor to examine and audit the books and records of the Controlled Affiliate, the Plan, and any other Licensed Controlled Affiliates of the Plan to verify compliance with this paragraph 7.H.

(5) Subsequent to termination of this Agreement, the terminated entity and its affiliates, agents, and employees shall have an ongoing and continuing obligation to protect all BCBSA and Blue Licensee data that was acquired or accessed during the period this Agreement was in force, including but not limited to all confidential processes, pricing, provider, discount and other strategic and competitively sensitive information ("Blue Information") from disclosure, and shall not, either alone or with another entity, disclose such Blue Information or use it in any manner to compete without the express written permission of BCBSA.

(6) As to a breach of 7.H.(1), (2), (3), (4) or (5) the parties agree that the obligations are immediately enforceable in a court of competent jurisdiction. As to a breach of 7.H.(1), (2) or (4) by the Controlled Affiliate, the parties agree there is no adequate remedy at law and BCBSA is entitled to obtain specific performance.

I. This Agreement shall remain in effect until terminated by the Controlled Affiliate upon not less than eighteen (18) months written notice to the Association or upon a shorter notice period approved by BCBSA in writing at its sole discretion, or until terminated as otherwise provided herein.

J. In the event the Controlled Affiliate is a Smaller Controlled Affiliate (as defined in Exhibit A), the Controlled Affiliate agrees to be jointly liable for the amount described in H.3.and M. hereof upon termination of the BCBSA license agreement of any Larger Controlled Affiliate of the Plan.

K. BCBSA shall be entitled to enjoin the Controlled Affiliate or any related party in a court of competent jurisdiction from entry into any transaction which would result in a termination of this Agreement unless the Plan's license from BCBSA to use the Licensed Marks and Names has been terminated pursuant to 10(d) of the Plan's license agreement upon the required 6 month written notice.

L. BCBSA acknowledges that it is not the owner of assets of the Controlled Affiliate.

M. In the event that the Plan has more than 50 percent voting control of the Controlled Affiliate under Paragraph 2(E)(2) above and is a Larger Controlled Affiliate (as defined in Exhibit A), then the vote called for in Paragraphs 7(C) and 7(D) above shall require the affirmative vote of three-fourths of the Plans and three-fourths of the total then current weighted vote of all the Plans.

**Amended as of June 16, 2005**

N. In the event this Agreement terminates and is subsequently reinstated by BCBSA or is deemed to have remained in effect without interruption by a court of competent jurisdiction, the Controlled Affiliate, the Plan, and any other Licensed Controlled Affiliates of the Plan shall be jointly liable for reimbursing BCBSA the reasonable costs incurred by BCBSA in connection with the termination and the reinstatement or court action, and any associated legal proceedings, including but not limited to: outside legal fees, consulting fees, public relations fees, advertising costs, and costs incurred to develop, lease or establish an interim provider network. Any amount due to BCBSA under this subparagraph may be waived in whole or in part by the BCBSA Board of Directors in its sole discretion.

## **8. DISPUTE RESOLUTION**

The parties agree that any disputes between them or between or among either of them and one or more Plans or Controlled Affiliates of Plans that use in any manner the Blue Shield and Blue Shield Marks and Name are subject to the Mediation and Mandatory Dispute Resolution process attached to and made a part of Plan's License from BCBSA to use the Licensed Marks and Name as Exhibit 5 as amended from time-to-time, which documents are incorporated herein by reference as though fully set forth herein.

## **9. LICENSE FEE**

Controlled Affiliate will pay to BCBSA a fee for this License determined pursuant to the formula(s) set forth in Exhibit B.

## **10. JOINT VENTURE**

Nothing contained in the Agreement shall be construed as creating a joint venture, partnership, agency or employment relationship between Plan and Controlled Affiliate or between either and BCBSA.

**Amended as of June 16, 2005**

## **11. NOTICES AND CORRESPONDENCE**

Notices regarding the subject matter of this Agreement or breach or termination thereof shall be in writing and shall be addressed in duplicate to the last known address of each other party, marked respectively to the attention of its President and, if any, its General Counsel.

## **12. COMPLETE AGREEMENT**

This Agreement contains the complete understandings of the parties in relation to the subject matter hereof. This Agreement may only be amended by the affirmative vote of three-fourths of the Plans and three-fourths of the total then current weighted vote of all the Plans as officially recorded by the BCBSA Corporate Secretary.

## **13. SEVERABILITY**

If any term of this Agreement is held to be unlawful by a court of competent jurisdiction, such findings shall in no way affect the remaining obligations of the parties hereunder and the court may substitute a lawful term or condition for any unlawful term or condition so long as the effect of such substitution is to provide the parties with the benefits of this Agreement.

## **14. NONWAIVER**

No waiver by BCBSA of any breach or default in performance on the part of Controlled Affiliate or any other licensee of any of the terms, covenants or conditions of this Agreement shall constitute a waiver of any subsequent breach or default in performance of said terms, covenants or conditions.

### **14A. VOTING**

For all provisions of this Agreement referring to voting, the term 'Plans' shall mean all entities licensed under the Blue Cross License Agreement and/or the Blue Shield License Agreement, and in all votes of the Plans under this Agreement the Plans shall vote together. For weighted votes of the Plans, the Plan shall have a number of votes equal to the number of weighted votes (if any) that it holds as a Blue Cross Plan plus the number of weighted votes (if any) that it holds as a Blue Shield Plan. For all other votes of the Plans, the Plan shall have one vote. For all questions requiring an affirmative three-fourths weighted vote of the Plans, the requirement shall be deemed satisfied with a lesser weighted vote unless the greater of: (i) 6/52 or more of the Plans (rounded to the nearest whole number, with 0.5 or multiples thereof being rounded to the next higher whole number) fail to cast weighted votes in favor of the question; or (ii) three (3) of the Plans fail to cast weighted votes in favor of the question.

Notwithstanding the foregoing provision, if there are thirty-nine (39) Plans, the requirement of an affirmative three-fourths weighted vote shall be deemed satisfied with a lesser weighted vote unless four (4) or more Plans fail to cast weighted votes in favor of the question.

**Amended as of June 16, 2005**



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**15. GOVERNING LAW**

This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Illinois.

**16. HEADINGS**

The headings inserted in this agreement are for convenience only and shall have no bearing on the interpretation hereof.

IN WITNESS WHEREOF, the parties have caused this License Agreement to be executed and effective as of the date of last signature written below.

**Controlled Affiliate:**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**Plan:**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**BLUE CROSS AND BLUE SHIELD ASSOCIATION**

By: \_\_\_\_\_

Date: \_\_\_\_\_

## **EXHIBIT A**

### **CONTROLLED AFFILIATE LICENSE STANDARDS**

March, 2014

#### **PREAMBLE**

The standards for licensing Controlled Affiliates are established by BCBSA and are subject to change from time-to-time upon the affirmative vote of three-fourths (3/4) of the Plans and three-fourths (3/4) of the total weighted vote. Each licensed Plan is required to use a standard Controlled Affiliate license form provided by BCBSA and to cooperate fully in assuring that the licensed Controlled Affiliate maintains compliance with the license standards.

The Controlled Affiliate License provides a flexible vehicle to accommodate the potential range of health and workers' compensation related products and services Plan Controlled Affiliates provide. The Controlled Affiliate License collapses former health Controlled Affiliate licenses (HCC, HMO, PPO, TPA, and IDS) into a single license using the following business-based criteria to provide a framework for license standards:

- Percent of Controlled Affiliate controlled by parent: Greater than 50 percent or 50 percent?
- Risk assumption: yes or no?
- Medical care delivery: yes or no?
- Size of the Controlled Affiliate: If the Controlled Affiliate has health or workers' compensation administration business, does such business constitute 15 percent or more of the parent's and other licensed health subsidiaries' member enrollment?

**Amended September 19, 2002**

## **EXHIBIT A (continued)**

For purposes of definition:

- A "smaller Controlled Affiliate:" (1) comprises less than fifteen percent (15%) of Plan's and its licensed Controlled Affiliates' total member enrollment (as reported on the BCBSA Quarterly Enrollment Report, excluding rider and freestanding coverage, and treating an entity seeking licensure as licensed);\* or (2) underwrites the indemnity portion of workers' compensation insurance and has total premium revenue less than 15 percent of the sponsoring Plan's net subscription revenue.
- A "larger Controlled Affiliate" comprises fifteen percent (15%) or more of Plan's and its licensed Controlled Affiliates' total member enrollment (as reported on the BCBSA Quarterly Enrollment Report, excluding rider and freestanding coverage, and treating an entity seeking licensure as licensed.)\*

Changes in Controlled Affiliate status:

If **any** Controlled Affiliate's status changes regarding: its Plan ownership level, its risk acceptance or direct delivery of medical care, the Controlled Affiliate shall notify BCBSA within thirty (30) days of such occurrence in writing and come into compliance with the applicable standards within six (6) months.

If a smaller Controlled Affiliate's health and workers' compensation administration business reaches or surpasses fifteen percent (15%) of the total member enrollment of the Plan and licensed Controlled Affiliates, the Controlled Affiliate shall:

**Amended September 19, 2002**

## **EXHIBIT A (continued)**

1. Within thirty (30) days, notify BCBSA of this fact in writing, including evidence that the Controlled Affiliate meets the minimum liquidity and capital (BCBSA "Health Risk-Based Capital (HRBC)" as defined by the NAIC and state-established minimum reserve) requirements of the larger Controlled Affiliate Financial Responsibility standard; and
2. Within six (6) months after reaching or surpassing the fifteen percent (15%) threshold, demonstrate compliance with all license requirements for a larger Controlled Affiliate.

If a Controlled Affiliate that underwrites the indemnity portion of workers' compensation insurance receives a change in rating or proposed change in rating, the Controlled Affiliate shall notify BCBSA within 30 days of notification by the external rating agency.

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\*For purposes of this calculation,

The numerator equals:

Applicant Controlled Affiliate's member enrollment, as defined in BCBSA's Quarterly Enrollment Report (excluding rider and freestanding coverage).

The denominator equals:

Numerator PLUS Plan and all other licensed Controlled Affiliates' member enrollment, as reported in BCBSA's Quarterly Enrollment Report (excluding rider and freestanding coverage).

**Amended September 19, 2002**

**EXHIBIT A (continued)**

**STANDARDS FOR LICENSED CONTROLLED AFFILIATES**

As described in Preamble section of Exhibit A to the Affiliate License Agreement, each controlled affiliate seeking licensure must answer four questions. Depending on the controlled affiliate's answers, certain standards apply:

1. What percent of the controlled affiliate is controlled by the parent Plan?

More than 50%	50%	100% and Primary Business is Government Non-Risk
↓	↓	↓
Standard 1A, 4	Standard 1B, 4	Standard 4*,10A

\* Applicable only if using the names and marks.

**IN ADDITION,**

2. Is risk being assumed?

↔	Yes ↓	↔	↔	No ↓	↔
Controlled Affiliate underwrites any indemnity portion of workers' compensation insurance ↓ Standards 7A-7E, 12	Controlled Affiliate comprises < 15% of total member enrollment of Plan and its licensed affiliates, and does not underwrite the indemnity portion of workers' compensation insurance ↓ Standard 2 (Guidelines 1.1,1.2) and Standard 11	Controlled Affiliate comprises ≥ 15% of total member enrollment of Plan and its licensed affiliates, and does not underwrite the indemnity portion of workers' compensation insurance ↓ Standard 6H	Controlled Affiliate comprises < 15% of total member enrollment of Plan and its licensed affiliates ↓ Standard 2 (Guidelines 1.1,1.3) and Standard 11	Controlled Affiliate comprises ≥ 15% of total member enrollment of Plan and its licensed affiliates ↓ Standard 6H	Controlled Affiliate's Primary Business is Government Non-Risk ↓ Standard 10B

**IN ADDITION,**

3. Is medical care being directly provided?

Yes ↓ Standard 3A	No ↓ Standard 3B
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**IN ADDITION,**

4. If the controlled affiliate has health or workers' compensation administration business, does such business comprise 15% or more of the total member enrollment of Plan and its licensed controlled affiliates?

Yes ↓ Standards 6A-6J	↔	↔	No ↓	↔
Controlled Affiliate is not a former primary licensee and elects to participate in BCBSA national programs ↓ Standards 5,8,9B,12	Controlled Affiliate is a former primary licensee ↓ Standards 5,8,9A,11,12	Controlled Affiliate is a former primary licensee	Controlled Affiliate's Primary Business is Government Non-Risk ↓ Standards 8, 10(C),12	

## **EXHIBIT A (continued)**

### **Standard 1 - Organization and Governance**

1A.) The Standard for more than 50% Plan control is:

A Controlled Affiliate shall be organized and operated in such a manner that a licensed Plan or Plans authorized to use the Licensed Marks in the Service Area of the Controlled Affiliate pursuant to separate License Agreement(s) with BCBSA, other than such Controlled Affiliate's License Agreement(s), (the "Controlling Plan(s)"), have the legal authority, directly or indirectly through wholly-owned subsidiaries: 1) to select members of the Controlled Affiliate's governing body having more than 50% voting control thereof; and 2) to prevent any change in the articles of incorporation, bylaws or other establishing or governing documents of the Controlled Affiliate with which the Controlling Plan(s) do(es) not concur; and 3) to exercise control over the policy and operations of the Controlled Affiliate. In addition, a Plan or Plans directly or indirectly through wholly-owned subsidiaries shall own more than 50% of any for-profit Controlled Affiliate.

1B.) The Standard for 50% Plan control is:

A Controlled Affiliate shall be organized and operated in such a manner that a licensed Plan or Plans authorized to use the Licensed Marks in the Service Area of the Controlled Affiliate pursuant to separate License Agreement(s) with BCBSA, other than such Controlled Affiliate's License Agreement(s), (the "Controlling Plan(s)"), have the legal authority, directly or indirectly through wholly-owned subsidiaries:

- 1) to select members of the Controlled Affiliate's governing body having not less than 50% voting control thereof; and
- 2) to prevent any change in the articles of incorporation, bylaws or other establishing or governing documents of the Controlled Affiliate with which the Controlling Plan(s) do(es) not concur; and
- 3) to exercise control over the policy and operations of the Controlled Affiliate at least equal to that exercised by persons or entities (jointly or individually) other than the Controlling Plan(s).

## **EXHIBIT A (continued)**

Notwithstanding anything to the contrary in 1) through 3) hereof, the Controlled Affiliate's establishing or governing documents must also require written approval by the Controlling Plan(s) before the Controlled Affiliate can:

- o change the geographic area in which it operates
- o change its legal and/or trade names
- o change any of the types of businesses in which it engages
- o create, or become liable for by way of guarantee, any indebtedness, other than indebtedness arising in the ordinary course of business
- o sell any assets, except for sales in the ordinary course of business or sales of equipment no longer useful or being replaced
- o make any loans or advances except in the ordinary course of business
- o enter into any arrangement or agreement with any party directly or indirectly affiliated with any of the owners or persons or entities with the authority to select or appoint members or board members of the Controlled Affiliate, other than the Plan or Plans (excluding owners of stock holdings of under 5% in a publicly traded Controlled Affiliate)
- o conduct any business other than under the Licensed Marks and Name
- o take any action that any Controlling Plan or BCBSA reasonably believes will adversely affect the Licensed Marks and Name.

In addition, a Plan or Plans directly or indirectly through wholly-owned subsidiaries shall own at least 50% of any for-profit Controlled Affiliate.



## **EXHIBIT A (continued)**

### **Standard 2 - Financial Responsibility**

A Controlled Affiliate shall be operated in a manner that provides reasonable financial assurance that it can fulfill all of its contractual obligations to its customers. If a risk-assuming Controlled Affiliate ceases operations for any reason, Blue Cross and/or Blue Cross Plan coverage will be offered to all Controlled Affiliate subscribers without exclusions, limitations or conditions based on health status. If a nonrisk-assuming Controlled Affiliate ceases operations for any reason, sponsoring Plan(s) will provide for services to its (their) customers. The requirements of the preceding two sentences shall apply to all lines of business unless a line of business is specially exempted from the requirement(s) by the BCBSA Board of Directors.

### **Standard 3 - State Licensure/Certification**

3A.) The Standard for a Controlled Affiliate that employs, owns or contracts on a substantially exclusive basis for medical services is:

A Controlled Affiliate shall maintain unimpaired licensure or certification for its medical care providers to operate under applicable state laws.

3B.) The Standard for a Controlled Affiliate that does not employ, own or contract on a substantially exclusive basis for medical services is:

A Controlled Affiliate shall maintain unimpaired licensure or certification to operate under applicable state laws.

### **Standard 4 - Certain Disclosures**

A Controlled Affiliate shall make adequate disclosure in contracting with third parties and in disseminating public statements of 1) the structure of the Blue Cross and Blue Shield System; and 2) the independent nature of every licensee; and 3) the Controlled Affiliate's financial condition.

### **Standard 5 - Reports and Records for Certain Smaller Controlled Affiliates**

For a smaller Controlled Affiliate that does not underwrite the indemnity portion of workers' compensation insurance, the Standard is:

**Amended as of June 16, 2005**

## **EXHIBIT A (continued)**

A Controlled Affiliate and/or its licensed Plan(s) shall furnish, on a timely and accurate basis, reports and records relating to these Standards and the License Agreements between BCBSA and Controlled Affiliate.

### **Standard 6 - Other Standards for Larger Controlled Affiliates**

Standards 6(A) - (I) that follow apply to larger Controlled Affiliates.

#### **Standard 6(A): Board of Directors**

A Controlled Affiliate Governing Board shall act in the interest of its Corporation in providing cost-effective health care services to its customers. A Controlled Affiliate shall maintain a governing Board, which shall control the Controlled Affiliate, composed of a majority of persons other than providers of health care services, who shall be known as public members. A public member shall not be an employee of or have a financial interest in a health care provider, nor be a member of a profession which provides health care services.

#### **Standard 6(B): Responsiveness to Customers**

A Controlled Affiliate shall be operated in a manner responsive to customer needs and requirements.

#### **Standard 6(C): Participation in National Programs**

A Controlled Affiliate shall effectively and efficiently participate in each national program as from time to time may be adopted by the Member Plans for the purposes of providing portability of membership between the licensees and ease of claims processing for customers receiving benefits outside of the Controlled Affiliate's Service Area.

Such programs are applicable to licensees, and include:

1. Transfer Program;
2. BlueCard Program;

## **EXHIBIT A (continued)**

3. Inter-Plan Teleprocessing System (ITS);
4. National Account Programs;
5. Business Associate Agreement for Blue Cross and Blue Shield Licensees, effective April 14, 2003; and
6. Inter-Plan Medicare Advantage Program.

### Standard 6(D): Financial Performance Requirements

In addition to requirements under the national programs listed in Standard 6C: Participation in National Programs, a Controlled Affiliate shall take such action as required to ensure its financial performance in programs and contracts of an inter-licensee nature or where BCBSA is a party.

### Standard 6(E): Cooperation with Plan Performance Response Process

A Controlled Affiliate shall cooperate with BCBSA's Board of Directors and its Brand Enhancement & Protection Committee in the administration of the Plan Performance Response Process and in addressing Controlled Affiliate performance problems identified thereunder.

### Standard 6(F): Independent Financial Rating

A Controlled Affiliate shall obtain a rating of its financial strength from an independent rating agency approved by BCBSA's Board of Directors for such purpose.

### Standard 6(G): Local and National Best Efforts

Notwithstanding any other provision in the Plan's License Agreement with BCBSA or in this License Agreement, during each year, a Controlled Affiliate shall use its best efforts to promote and build the value of the Blue Shield Mark.

### Standard 6(H): Financial Responsibility

A Controlled Affiliate shall be operated in a manner that provides reasonable financial assurance that it can fulfill all of its contractual obligations to its customers.

**Amended November 15, 2007**

## **EXHIBIT A (continued)**

### Standard 6(I): Reports and Records

A Controlled Affiliate shall furnish to BCBSA on a timely and accurate basis reports and records relating to compliance with these Standards and the License Agreements between BCBSA and Controlled Affiliate. Such reports and records are the following:

- A) BCBSA Controlled Affiliate Licensure Information Request; and
- B) Biennial trade name and service mark usage material, including disclosure material; and
- C) Changes in the ownership and governance of the Controlled Affiliate, including changes in its charter, articles of incorporation, or bylaws, changes in a Controlled Affiliate's Board composition, or changes in the identity of the Controlled Affiliate's Principal Officers, and changes in risk acceptance, contract growth, or direct delivery of medical care; and
- D) Semi-annual "Health Risk-Based Capital (HRBC) Report" as defined by the NAIC, Annual Certified Audit Report, Insurance Department Examination Report, Annual Statement filed with State Insurance Department (with all attachments); and

**Amended November 17, 2011**

## **EXHIBIT A (continued)**

### Standard 6(J): Control by Unlicensed Entities Prohibited

No Controlled Affiliate shall cause or permit an entity other than a Plan or a Licensed Controlled Affiliate thereof to obtain control of the Controlled Affiliate or to acquire a substantial portion of its assets related to licensable services.

### **Standard 7 - Other Standards for Risk-Assuming Workers' Compensation Controlled Affiliates**

Standards 7(A) - (E) that follow apply to Controlled Affiliates that underwrite the indemnity portion of workers' compensation insurance.

#### Standard 7 (A): Financial Responsibility

A Controlled Affiliate shall be operated in a manner that provides reasonable financial assurance that it can fulfill all of its contractual obligations to its customers.

#### Standard 7(B): Reports and Records

A Controlled Affiliate shall furnish, on a timely and accurate basis, reports and records relating to compliance with these Standards and the License Agreements between BCBSA and the Controlled Affiliate. Such reports and records are the following:

- A. BCBSA Controlled Affiliate Licensure Information Request; and
- B. Biennial trade name and service mark usage materials, including disclosure materials; and
- C. Annual Certified Audit Report, Annual Statement as filed with the State Insurance Department (with all attachments), Annual NAIC's Risk-Based Capital Worksheets for Property and Casualty Insurers; and
- D. Quarterly Estimated Risk-Based Capital for Property and Casualty Insurers, Insurance Department Examination Report; and

**Amended November 17, 2011**

## **EXHIBIT A (continued)**

- E. Notification of all changes and proposed changes to independent ratings within 30 days of receipt and submission of a copy of all rating reports; and
- F. Changes in the ownership and governance of the Controlled Affiliate including changes in its charter, articles of incorporation, or bylaws, changes in a Controlled Affiliate's Board composition, Plan control, state license status, operating area, the Controlled Affiliate's Principal Officers or direct delivery of medical care.

### **Standard 7(C): Loss Prevention**

A Controlled Affiliate shall apply loss prevention protocol to both new and existing business.

### **Standard 7(D): Claims Administration**

A Controlled Affiliate shall maintain an effective claims administration process that includes all the necessary functions to assure prompt and proper resolution of medical and indemnity claims.

### **Standard 7(E): Disability and Provider Management**

A Controlled Affiliate shall arrange for the provision of appropriate and necessary medical and rehabilitative services to facilitate early intervention by medical professionals and timely and appropriate return to work.

**Amended November 16, 2000**

## **EXHIBIT A (continued)**

### **Standard 8 - Cooperation with Controlled Affiliate License Performance Response Process Protocol**

A Controlled Affiliate and its Sponsoring Plan(s) shall cooperate with BCBSA's Board of Directors and its Brand Enhancement & Protection Committee in the administration of the Controlled Affiliate License Performance Response Process Protocol (ALPRPP) and in addressing Controlled Affiliate compliance problems identified thereunder.

### **Standard 9(A) - Participation in National Programs by Smaller Controlled Affiliates that were former Primary Licensees**

A smaller controlled affiliate that formerly was a Primary Licensee shall effectively and efficiently participate in certain national programs from time to time as may be adopted by Member Plans for the purposes of providing ease of claims processing for customers receiving benefits outside of the Controlled Affiliate's service area and be subject to certain relevant financial and reporting requirements.

- A. National program requirements include:
- BlueCard Program;
  - Inter-Plan Teleprocessing System (ITS);
  - Transfer Program;
  - National Account Programs.
- B. Financial Requirements include:
- Standard 6(D): Financial Performance Requirements and Standard 6(H): Financial Responsibility; or
  - A financial guarantee covering the Controlled Affiliate's Inter-Plan Programs obligations in a form, and from a guarantor, acceptable to BCBSA.

**Amended November 15, 2007**

**EXHIBIT A (continued)**

**Standard 9(A) - Participation in National Programs by Smaller Controlled Affiliates that were former Primary Licensees**

C. Reporting requirements include:

- The Semi-annual Health Risk-Based Capital (HRBC) Report.

**Amended June 13, 2002**



## **Exhibit A (continued)**

### **Standard 9(B) - Participation in National Programs by Smaller Controlled Affiliates**

A smaller controlled affiliate shall participate in national programs in accordance with BlueCard and other relevant Policies and Provisions shall effectively and efficiently participate in national programs from time to time as may be adopted by Member Plans for the purposes of providing ease of claims processing for customers receiving benefits outside of the controlled affiliate's service area and be subject to certain relevant financial and reporting requirements.

A. National program requirements include:

- BlueCard Program;
- Inter-Plan Teleprocessing System (ITS);
- National Account Programs.

B. Financial Requirements include:

- Standard 6(D): Financial Performance Requirements and Standard 6(H): Financial Responsibility; or
- A financial guarantee covering the Controlled Affiliate's Inter-Plan Programs obligations in a form, and from a guarantor, acceptable to BCBSA.

**Amended June 20, 2013**

## **EXHIBIT A (continued)**

### **Standard 10 - Other Standards for Controlled Affiliates Whose Primary Business is Government Non-Risk**

Standards 10(A) - (C) that follow apply to Controlled Affiliates whose primary business is government non-risk.

#### Standard 10(A) - Organization and Governance

A Controlled Affiliate shall be organized and operated in such a manner that it is 1) wholly owned by a licensed Plan or Plans and 2) the sponsoring licensed Plan or Plans have the legal ability to prevent any change in the articles of incorporation, bylaws or other establishing or governing documents of the Controlled Affiliate with which it does not concur.

## **EXHIBIT A (continued)**

### Standard 10(B) - Financial Responsibility

A Controlled Affiliate shall be operated in a manner that provides reasonable financial assurance that it can fulfill all of its contractual obligations to its customers.

### Standard 10(C) - Reports and Records

A Controlled Affiliate shall furnish, on a timely and accurate basis, reports and records relating to compliance with these Standards and the License Agreements between BCBSA and the Controlled Affiliate. Such reports and records are the following:

- A. BCBSA Affiliate Licensure Information Request; and
- B. Biennial trade name and service mark usage materials, including disclosure material; and
- C. Annual Certified Audit Report, Annual Statement (if required) as filed with the State Insurance Department (with all attachments), Annual NAIC Risk-Based Capital Worksheets (if required) as filed with the State Insurance Department (with all attachments), and Insurance Department Examination Report (if applicable)\*; and
- D. Changes in the ownership and governance of the Controlled Affiliate, including changes in its charter, articles of incorporation, or bylaws, changes in the Controlled Affiliate's Board composition, Plan control, state license status, operating area, the Controlled Affiliate's Principal Officers or direct delivery of medical care.

**EXHIBIT A (continued)**

**Standard 11- Participation in Inter-Plan Medicare Advantage Program**

A smaller controlled affiliate for which this standard applies pursuant to the Preamble section of Exhibit A of the Controlled Affiliate License Agreement shall effectively and efficiently participate in certain national programs from time to time as may be adopted by Member Plans for the purposes of providing ease of claims processing for customers receiving benefits outside of the controlled affiliate's service area.

National program requirements include:

- A. Inter-Plan Medicare Advantage Program.

**Amended November 15, 2007**

**EXIHIBIT A (continued)**

**Standard 12: Participation in Master Business Associate Agreement  
by Smaller Controlled Affiliate Licensees**

Effective April 14, 2003, all smaller controlled affiliates shall comply with the terms of the Business Associate Agreement for Blue Cross and Blue Shield Licensees to the extent they perform the functions of a business associate or subcontractor to a business associate, as defined by the Business Associate Agreement.

**Amended September 19, 2002**

**EXHIBIT B**  
**ROYALTY FORMULA FOR SECTION 9 OF THE**  
**CONTROLLED AFFILIATE LICENSE AGREEMENT**

Controlled Affiliate will pay BCBSA a fee for this license in accordance with the following formula:

**FOR RISK AND GOVERNMENT NON-RISK PRODUCTS:**

For Controlled Affiliates not underwriting the indemnity portion of workers' compensation insurance:

An amount equal to its pro rata share of each sponsoring Plan's dues payable to BCBSA computed with the addition of the Controlled Affiliate's members using the Marks on health care plans and related services as reported on the Quarterly Enrollment Report with BCBSA. The payment by each sponsoring Plan of its dues to BCBSA, including that portion described in this paragraph, will satisfy the requirement of this paragraph, and no separate payment will be necessary.

For Controlled Affiliates underwriting the indemnity portion of workers' compensation insurance:

An amount equal to 0.35 percent of the gross revenue per annum of Controlled Affiliate arising from products using the marks; plus, an annual fee of \$5,000 per license for a Controlled Affiliate subject to Standard 7.

For Controlled Affiliates whose primary business is government non-risk:

An amount equal to its pro-rata share of each sponsoring Plan's dues payable to BCBSA computed with the addition of the Controlled Affiliate's government non-risk beneficiaries.

**Amended June 14, 2007**

## **EXHIBIT B (continued)**

### **FOR NONRISK PRODUCTS:**

For third-party administrative business, an amount equal to its pro rata share of each sponsoring Plan's dues payable to BCBSA computed with the addition of the Controlled Affiliate's members using the Marks on health care plans and related services as reported on the Quarterly Enrollment Report with BCBSA. The payment by each sponsoring Plan of its dues to BCBSA, including that portion described in this paragraph, will satisfy the requirement of this paragraph, and no separate payment will be necessary.

For non-third party administrative business (e.g., case management, provider networks, etc.), an amount equal to 0.24 percent of the gross revenue per annum of Controlled Affiliate arising from products using the marks; plus:

- 1) An annual fee of \$5,000 per license for a Controlled Affiliate subject to Standard 6 D.
- 2) An annual fee of \$2,000 per license for all other Controlled Affiliates.

The foregoing shall be reduced by one-half where both a BLUE CROSS® and BLUE SHIELD® License are issued to the same Controlled Affiliate. In the event that any license period is greater or less than one (1) year, any amounts due shall be prorated. Royalties under this formula will be calculated, billed and paid in arrears.

**Amended June 14, 2007**

**Attachment D**  
**to**  
**GHMSI's Responses to DISB's Third Scheduling Order**

Selected Portions of GHMSI and CareFirst BlueChoice  
FEHBP Contracts



**FEDERAL EMPLOYEES  
HEALTH BENEFITS PROGRAM**

***STANDARD CONTRACT***

***FOR***

***FEE-FOR-SERVICE CARRIERS***

**2013**

CONTRACT FOR FEDERAL EMPLOYEES HEALTH BENEFITS

CONTRACT NO: CS 1039 FULL CONTRACT  
EFFECTIVE: January 1, 1960 EFFECTIVE: January 1, 2013

BETWEEN: The United States Office of Personnel Management  
*hereinafter called OPM or the Government*

Address: 1900 E Street, NW  
Washington, DC 20415-3610

AND

CONTRACTOR: Blue Cross and Blue Shield Association  
*hereinafter also called the Carrier*

Address: 1310 G. Street, NW, Suite 900  
Washington, DC 20005

In consideration of payment by OPM of subscription charges set forth in Appendix B, the Carrier agrees to perform all of the services set forth in this contract, including Appendix A.

FOR THE CARRIER

FOR THE GOVERNMENT

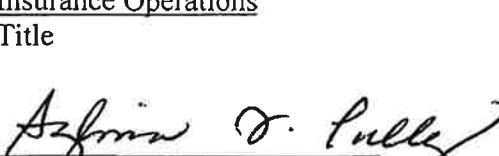
William A. Breskin  
Name of person authorized to execute contract  
(type or print)

Sylvia V. Pulley  
Name of Contracting Officer  
(type or print)

Vice President, Government Programs  
Title

Chief, Health Insurance I, Federal Employee  
Insurance Operations  
Title

  
Signature

  
Signature

12/21/12  
Date signed

12/22/12  
Date signed

(c) If the Carrier uses medical records for the administration of the contract, or for bona fide research or educational purposes, it shall so state in the Plan's brochure.

#### SECTION 1.7 STATISTICS AND SPECIAL STUDIES (JAN 2009)

(a) The Carrier shall maintain or cause to be maintained statistical records of its operations under the contract and shall furnish OPM, in the form prescribed by the Contracting Officer, the statistical reports reasonably necessary for the OPM to carry out its functions under Chapter 89 of title 5, United States Code.

(b) The Carrier shall furnish such other reasonable statistical data and reports of special studies as the Contracting Officer may from time to time request for the purpose of carrying out its functions under Chapter 89 of title 5, United States Code.

(c) The Carrier shall furnish the routine reports in the required number of copies in a format to be determined by the Contracting Officer as instructed by OPM.

(d) The Carrier shall notify the OPM Contract Representative immediately upon a change in the name or address of the Carrier's contract administrator(s).

#### SECTION 1.8 NOTICE (JAN 2003)

Where the contract requires that notice be given to the other party, such notice must be given in writing to the address shown on this contract's signature page. To notify OPM, the Carrier must write to the Contracting Officer, unless otherwise specified.

#### SECTION 1.9 PLAN PERFORMANCE--EXPERIENCE-RATED FFS CONTRACTS (JAN 2013)

(a) Detection of Fraud and Abuse. The Carrier shall conduct a program to assess its vulnerability to fraud and abuse and shall operate a system designed to detect and eliminate fraud and abuse internally by Carrier employees and subcontractors, by providers providing goods or services to FEHB Members, and by individual FEHB Members. The program must specify provisions in place for cost avoidance not just fraud detection, along with criteria for follow-up actions. The Carrier must submit to OPM an annual analysis of the costs and benefits of its fraud and abuse program. The Carrier must submit annual reports to OPM by March 31 addressing the following:

- 1) Cases opened;
- 2) Dollars identified as lost and recovered on active cases
- 3) Actual savings and prevented loss on active cases;
- 4) Active cases referred to law enforcement (other than the OPM-OIG)
- 5) Active cases referred to OPM – OIG;
- 6) Active cases resolved administratively;
- 7) Percentage of active cases where the FEHB Program is the only or primary line of business affected
- 8) Number of FEHB providers who are on prepayment review; and
- 9) Number of arrests and criminal convictions resulting from active cases

The report will also include the industry standards checklist.

(b) Clinical Care Measures. The Carrier shall measure and/or collect data on the quality of the health care services that are provided to its members as requested by OPM. Measurement/data collection efforts may include performance measurement systems such as Healthcare Effectiveness Data and Information Set (HEDIS) or similar measures developed by accrediting organizations such as the National Committee for Quality Assurance (NCQA), the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), or URAC. Costs incurred by the Carrier for collecting or contracting with a vendor to collect quality measures/data shall be the Carrier's responsibility and are allowable administrative expenses, subject to the administrative cost limitation.

(c) Patient Safety. The Carrier shall implement a patient safety improvement program. At a minimum, the Carrier shall --

- (1) Report to OPM on its current patient safety initiatives;
- (2) Report to OPM on how it will strengthen its patient safety program for the future;
- (3) Assist OPM in providing its members with consumer information and education regarding patient safety; and
- (4) Work with its providers, independent accrediting organizations, and others to implement patient safety improvement programs.

(d) Accreditation. To demonstrate its commitment to providing quality, cost-effective health care, the Carrier shall continue to pursue and maintain accreditation according to the steps and timeframes outlined in the carrier's current business plan. The carrier shall submit accreditation changes and business plan updates to its OPM contract representative.

(e) Consumer Assessments of Healthcare Providers and Systems (CAHPS). In addition to any other means of surveying Plan members that the Carrier may develop, the Carrier shall participate in the HEDIS Consumer Assessments of Healthcare Providers and Systems (CAHPS) to provide feedback to Enrollees on Enrollee experience with the various FEHBP plans. The Carrier shall take into account the published results of the survey, or other results as directed by OPM, in identifying areas for improvement as part of the Carrier's quality assurance program. Payment of survey charges will be in accordance with Section 3.11.

(f) Contract Quality Assurance. The Carrier shall develop and apply a quality assurance program specifying procedures for assuring contract quality. At a minimum the carrier shall meet the following standards and submit an annual report to OPM on these standards by July 1 of the following contract period:

(1) *Claims Processing Accuracy* - the number of FEHB claims processed accurately and the total number of FEHB claims processed for the given time period, expressed as a percentage.

REQUIRED STANDARD: An average of 95 percent of FEHB claims must be processed accurately.

(2) *Claims Coding Accuracy* - the number of FEHB claims coded accurately divided by the total number of FEHB claims coded for the given time period, expressed as a percentage.

REQUIRED STANDARD: An average of 98 percent of FEHB claims shall be coded accurately.

(3) *Recovery of Erroneous Payments* - the average number of working days it takes for the Carrier to begin collection action against an FEHB provider or member following identification of an erroneous payment, including overpayments.

REQUIRED STANDARD: The Carrier takes an average of no more than 30 working days from the date it identifies an FEHB erroneous payment to the date it begins the collection action.

(4) *Coordination of Benefits (COB)* - the Carrier must demonstrate that a statistically valid sampling technique is routinely used to identify FEHB claims prior to or after processing that require(d) coordination of benefits (COB) with a third party payer. As an alternative, the Carrier may provide evidence that it pursues all claims for COB.

(5) *Claims Timeliness* - the average number of working days from the date the Carrier receives an FEHB claim to the date it adjudicates it (paid, denied or a request for further information is sent out), for the given time period, expressed as a cumulative percentage.

REQUIRED STANDARD: The Carrier adjudicates 95 percent of claims within 30 working days.

(6) *Processing ID cards on change of plan or option* - the number of calendar days from the date the Carrier receives the enrollment from the Enrollee's agency, Tribal Employer, or retirement system to the date it issues the ID card.

REQUIRED STANDARD: The Carrier issues the ID card within fifteen calendar days after receiving the enrollment from the Enrollee's agency, Tribal Employer, or retirement system except that the Carrier will issue ID cards resulting from an open season election within fifteen calendar days or by December 15, whichever is later.

(7) *Member Inquiries* - the number of working days taken to respond to an FEHB member's written inquiry, expressed as a cumulative percentage, for the given time period.

REQUIRED STANDARD: The Carrier responds to 90 percent of inquiries within 15 working days (including internet inquiries).

(8) *Written Inquiries Accuracy* – the number of FEHB written inquiries handled accurately divided by the total number of FEHB written inquiries handled for the given time period, expressed as a percentage.

REQUIRED STANDARD: A minimum of 97 percent of FEHB written inquiries shall be answered accurately.

(9) *Telephone Inquiries Accuracy* – the number of FEHB telephone inquiries handled accurately divided by the total number of FEHB telephone inquiries handled for the given time period, expressed as a percentage.

REQUIRED STANDARD: A minimum of 97 percent of FEHB telephone inquiries shall be answered accurately.

(10) *Internet Inquiries Accuracy* – the number of FEHB Internet inquiries handled accurately divided by the total number of FEHB Internet inquiries handled for the given time period, expressed as a percentage.

REQUIRED STANDARD: A minimum of 97 percent of FEHB Internet inquiries shall be answered accurately.

(11) *Telephone Access* - the Carrier shall report on the following statistics concerning telephone access to the member services department (or its equivalent) for the given time period. Except that, if the Carrier does not have a computerized phone system, report results of periodic surveys on telephone access.

(i) *Call Answer Timeliness* - the average number of seconds elapsing before the Carrier connects a member's telephone call to its service representative.

REQUIRED STANDARD: On average, no more than 30 seconds elapse before the Carrier connects a member's telephone call to its service representative.

(ii) *Telephone Blockage Rate* - the percentage of time that callers receive a busy signal when calling the Carrier.

REQUIRED STANDARD: No more than 5% of callers receive a busy signal.

(iii) *Telephone Abandonment Rate* - the number of calls attempted but not completed (presumably because callers tired of waiting to be connected to a Carrier representative) divided by the total number of calls attempted (both completed and not completed), expressed as a percentage.

REQUIRED STANDARD: On average, Enrollees abandon the effort no more than 5 percent of the time.

(iv) *Initial Call Resolution* - the percentage of issues resolved during the initial call.

REQUIRED STANDARD: On average, caller's issues must be resolved during the initial call at least 60% of the time.

(12) *Responsiveness to FEHB Member Requests for Reconsideration:*

REQUIRED STANDARD: For 100 percent of written FEHB disputed claim requests received for the given time period, within 30 days after receipt by the Carrier, the Carrier shall affirm the denial in writing to the FEHB member, pay the claim, provide or authorize coverage of the service, or request additional information reasonably necessary to make a determination.

(g) Quality Assurance Plan. The Carrier must demonstrate that a statistically valid sampling technique is routinely used prior to or after processing to randomly sample FEHB claims against Carrier quality assurance/fraud and abuse prevention standards.

(h) Reporting Compliance. The Carrier shall keep complete records of its quality assurance procedures and fraud prevention program and the results of their implementation and make them available to the Government as determined by OPM.

(i) FEHB Clearinghouse (CLER). The Carrier shall not have any CLER records with a 160 error code and a fail count of four or higher, except for OPM annuitants. A '160' error is when a Carrier reports an enrollment but no agency or Tribal Employer reports that enrollment.

(j) Correction of Deficiencies. The Contracting Officer may order the correction of a deficiency in the Carrier's quality assurance program or fraud prevention program. The Carrier shall take the necessary action promptly to implement the Contracting Officer's order. If the Contracting Officer orders a modification of the Carrier's quality assurance program or fraud prevention program pursuant to this paragraph (j) after the contract year has begun, the costs incurred to correct the deficiency may be excluded from the administrative expenses -- for the contract year -- that are subject to the administrative expenses limitation specified at Appendix B; provided the Carrier demonstrates that the correction of the deficiency significantly increases the Carrier's liability under this contract.

(k) In order to allow sufficient implementation time, the Contracting Officer will notify the Carrier reasonably in advance of any new requirement(s) under paragraphs (a) through (j).

## SECTION 1.10

### NOTICE OF SIGNIFICANT EVENTS (JUL 2005) (FEHBAR 1652.222-70)

(a) The Carrier agrees to notify the Contracting Officer of any Significant Event within ten (10) working days after the Carrier becomes aware of it. As used in this section, a Significant Event is any occurrence or anticipated occurrence that might reasonably be expected

**FEDERAL EMPLOYEES  
HEALTH BENEFITS PROGRAM**

***STANDARD CONTRACT***

***FOR***

***EXPERIENCE-RATED  
HEALTH MAINTENANCE ORGANIZATION  
CARRIERS***

**2014**

CONTRACT FOR FEDERAL EMPLOYEES HEALTH BENEFITS

CONTRACT NO: CS 2879  
EFFECTIVE: January 1, 2014

AMENDMENT NO:  
EFFECTIVE: January 1, 2014

BETWEEN: The United States Office of Personnel Management  
*hereinafter called OPM or the Government*

Address: 1900 E Street, NW  
Washington, DC 20415-3610

AND

CONTRACTOR: CareFirst BlueChoice, Inc.  
*hereinafter also called the Carrier*

Address: 840 First Street, NE, Room 10115  
Washington, DC 20065

In consideration of payment by OPM of subscription charges set forth in Appendix B, the Carrier agrees to perform all of the services set forth in this contract, including Appendix A.

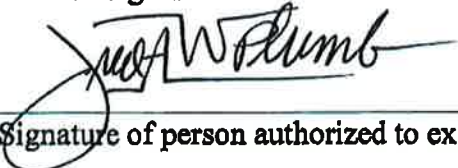
FOR THE CARRIER

Fred A.W. Plumb

\_\_\_\_\_  
Name of person authorized to execute contract  
(type or print)

EVP, FEHBP

\_\_\_\_\_  
Title of Signer

  
\_\_\_\_\_  
Signature of person authorized to execute contract

January 3, 2014  
\_\_\_\_\_  
Date signed

FOR THE GOVERNMENT

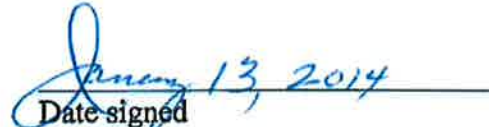
William T. Stuart

\_\_\_\_\_  
Name of Contracting Officer  
(type or print)

Chief, Insurance Contracts Div. II

\_\_\_\_\_  
Title of Signer

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Date signed



SECTION 1.7  
STATISTICS AND SPECIAL STUDIES (JAN 2009)

(a) The Carrier shall maintain or cause to be maintained statistical records of its operations under the contract and shall furnish OPM, in the form prescribed by the Contracting Officer, the statistical reports reasonably necessary for the OPM to carry out its functions under Chapter 89 of title 5, United States Code.

(b) The Carrier shall furnish such other reasonable statistical data and reports of special studies as the Contracting Officer may from time to time request for the purpose of carrying out its functions under Chapter 89 of title 5, United States Code.

(c) The Carrier shall furnish the routine reports in the required number of copies in a format to be determined by the Contracting Officer as instructed by OPM.

(d) The Carrier shall notify the OPM Contract Representative immediately upon a change in the name or address of the Carrier's contract administrator(s).

SECTION 1.8  
NOTICE (JAN 2003)

Where the contract requires that notice be given to the other party, such notice must be given in writing to the address shown on this contract's signature page. To notify OPM, the Carrier must write to the Contracting Officer, unless otherwise specified.

SECTION 1.9  
PLAN PERFORMANCE--EXPERIENCE-RATED HMO CONTRACTS (JAN 2013)

(a) Detection of Fraud and Abuse. The Carrier shall conduct a program to assess its vulnerability to fraud and abuse and shall operate a system designed to detect and eliminate fraud and abuse internally by Carrier employees and subcontractors, by providers providing goods or services to FEHB Members, and by individual FEHB Members. The program must specify provisions in place for cost avoidance not just fraud detection, along with criteria for follow-up actions. The Carrier must submit to OPM an annual analysis of the costs and benefits of its fraud and abuse program. The Carrier must submit annual reports to OPM by March 31 addressing the following:

- 1) Cases opened;
- 2) Dollars identified as lost and recovered on active cases
- 3) Actual savings and prevented loss on active cases;
- 4) Active cases referred to law enforcement (other than the OPM-OIG)
- 5) Active cases referred to OPM – OIG;
- 6) Active cases resolved administratively;
- 7) Percentage of active cases where the FEHB Program is the only or primary line of business affected
- 8) Number of FEHB providers who are on prepayment review; and
- 9) Number of arrests and criminal convictions resulting from active cases

The report will also include the industry standards checklist.

(b). Clinical Care Measures. The Carrier shall measure and/or collect data on the quality of the health care services it provides to its members as requested by OPM. Measurement/data

collection efforts may include performance measurement systems such as Healthcare Effectiveness Data and Information Set (HEDIS), or similar measures developed by accrediting organizations such as the National Committee for Quality Assurance (NCQA), the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), or URAC. Costs incurred by the Carrier for collecting or contracting with a vendor to collect quality measures/data shall be the Carrier's responsibility and are allowable administrative expenses, subject to the administrative cost limitation.

(c) Patient Safety. The Carrier shall implement a patient safety improvement program. At a minimum, the Carrier shall --

- (1) Report to OPM on its current patient safety initiatives;
- (2) Report to OPM on how it will strengthen its patient safety program for the future;
- (3) Assist OPM in providing its members with consumer information and education regarding patient safety; and
- (4) Work with its providers, independent accrediting organizations, and others to implement patient safety improvement programs.

(d) Accreditation. To demonstrate its commitment to providing quality, cost-effective health care, the Carrier shall continue to pursue and maintain accreditation according to the steps and timeframes outlined in the carrier's current business plan. The carrier shall submit accreditation changes and business plan updates to its OPM contract representative.

(e) Consumer Assessments of Healthcare Providers and Systems (CAHPS). In addition to any other means of surveying Plan members that the Carrier may develop, the Carrier shall participate in the HEDIS Consumer Assessments of Healthcare Providers and Systems (CAHPS) to provide feedback to enrollees on enrollee experience with the various FEHBP plans. The Carrier shall take into account the published results of the survey, or other results as directed by OPM, in identifying areas for improvement as part of the Carrier's quality assurance program. Payment of survey charges will be in accordance with Section 3.11.

(f) Physician Credentialing. The Carrier is encouraged to use an independent accrediting organization to validate its physician credentialing. If the Carrier's physicians meet the credentialing requirements of the credentialing organization, it has met and exceeds the minimum requirements listed below. Otherwise, the Carrier must demonstrate that it requires the following credential checks of all of its physicians, both during the initial hiring process and during periodic re-credentialing. As an alternative, the Carrier may demonstrate that the following credential checks are performed by a secondary source, such as a hospital.

- Verification of medical school graduation records.
- Routine check with local and/or state medical societies and/or boards.
- Routine check of the Department of Health and Human Services (DHHS) list of debarred providers.
- Routine check of the National Practitioner Data Bank.

(g) Contract Quality Assurance. The Carrier shall develop and apply a quality assurance program specifying procedures for assuring contract quality. At a minimum the Carrier shall meet the following standards and submit an annual report to OPM on these standards by July 1 of the following contract period.

(1) *Claims Processing Accuracy* - the number of FEHB claims processed accurately and the total number of FEHB claims processed for the given time period, expressed as a percentage.

REQUIRED STANDARD: An average of 95 percent of FEHB claims must be processed accurately.

(2) *Coordination of Benefits (COB)* - the Carrier must demonstrate that a statistically valid sampling technique is routinely used to identify FEHB claims prior to or after processing that require(d) coordination of benefits (COB) with a third party payer. As an alternative, the Carrier may provide evidence that it pursues all claims for COB.

(3) *Claims Timeliness* - the average number of working days from the date the Carrier receives an FEHB claim to the date it adjudicates it (paid, denied or a request for further information is sent out), for the given time period, expressed as a cumulative percentage.

REQUIRED STANDARD: The Carrier adjudicates 95 percent of claims within 30 working days.

(4) *Processing ID cards on change of plan or option* - the number of calendar days from the date the Carrier receives the enrollment from the Enrollee's agency, Tribal Employer, or retirement system to the date it issues the ID card.

REQUIRED STANDARD: The Carrier issues the ID card within fifteen calendar days after receiving the enrollment from the Enrollee's agency, Tribal Employer, or retirement system except that the Carrier will issue ID cards resulting from an open season election within fifteen calendar days or by December 15, whichever is later.

(5) *Member Inquiries* - the number of working days taken to respond to an FEHB member's written inquiry, expressed as a cumulative percentage, for the given time period.

REQUIRED STANDARD: The Carrier responds to 90 percent of inquiries within 15 working days (including internet inquiries).

(6) *Telephone Access* - the Carrier shall report on the following statistics concerning telephone access to the member services department (or its equivalent) for the given time period. Except that, if the Carrier does not have a computerized phone system, report results of periodic surveys on telephone access.

(i) *Call Answer Timeliness* - the percentage of calls answered by a live voice (during operating hours) within 30 seconds.

(ii) *Telephone Blockage Rate* - the percentage of time that callers receive a busy signal when calling the Carrier.

REQUIRED STANDARD: No more than 5% of callers receive a busy signal.

(iii) *Telephone Abandonment Rate* - the number of calls attempted but not completed (presumably because callers tired of waiting to be connected to a Carrier representative) divided by the total number of calls attempted (both completed and not completed), expressed as a percentage.

REQUIRED STANDARD: On average, enrollees abandon the effort no more than 5 percent of the time.

(iv) *Initial Call Resolution* - the percentage of issues resolved during the initial call.

REQUIRED STANDARD: On average, caller's issues must be resolved during the initial call at least 60% of the time.

(7) *Responsiveness to FEHB Member Requests for Reconsideration:*

REQUIRED STANDARD: For 100 percent of written FEHB disputed claim requests received for the given time period, within 30 days after receipt by the Carrier, the Carrier shall affirm the denial in writing to the FEHB member, pay the claim, provide or authorize coverage of the service, or request additional information reasonably necessary to make a determination.

(h) Quality Assurance Plan. The Carrier must demonstrate that a statistically valid sampling technique is routinely used prior to or after processing to randomly sample FEHB claims against Carrier quality assurance/fraud and abuse prevention standards.

(i) Reporting Compliance. The Carrier shall keep complete records of its quality assurance procedures and fraud prevention program and the results of their implementation and make them available to the Government as determined by OPM.

(j) FEHB Clearinghouse (CLER). The Carrier shall not have any CLER records with a 160 error code and a fail count of four or higher, except for OPM annuitants. A '160' error is when a Carrier reports an enrollment but no agency or Tribal Employer reports that enrollment.

(k) Correction of Deficiencies. The Contracting Officer may order the correction of a deficiency in the Carrier's quality assurance program or fraud prevention program. The Carrier shall take the necessary action promptly to implement the Contracting Officer's order. If the Contracting Officer orders a modification of the Carrier's quality assurance program or fraud prevention program pursuant to this paragraph (k) after the contract year has begun, the costs incurred to correct the deficiency may be excluded from the administrative expenses -- for the contract year -- that are subject to the administrative expenses limitation specified at Appendix B; provided the Carrier demonstrates that the correction of the deficiency significantly increases the Carrier's liability under this contract.

(l) In order to allow sufficient implementation time, the Contracting Officer will notify the Carrier reasonably in advance of any new requirement(s) under paragraphs (a) through (k).

#### SECTION 1.10

#### NOTICE OF SIGNIFICANT EVENTS (JUL 2005) (FEHBAR 1652.222-70)

(a) The Carrier agrees to notify the Contracting Officer of any Significant Event within ten (10) working days after the Carrier becomes aware of it. As used in this section, a Significant Event is any occurrence or anticipated occurrence that might reasonably be expected to have a material effect upon the Carrier's ability to meet its obligations under this contract, including, but not limited to, any of the following:

- (1) Disposal of major assets;
- (2) Loss of 15% or more of the Carrier's overall membership;
- (3) Termination or modification of any contract or subcontract if such termination or modification might have a material effect on the Carrier's obligations under this contract;
- (4) Addition or termination of provider agreements;
- (5) Any changes in underwriters, reinsurers or participating plans;
- (6) The imposition of, or notice of the intent to impose, a receivership, conservatorship, or special regulatory monitoring;
- (7) The withdrawal of, or notice of intent to withdraw State licensing, HHS qualification, or any other status under Federal or State law;
- (8) Default on a loan or other financial obligation;
- (9) Any actual or potential labor dispute that delays or threatens to delay timely performance or substantially impairs the functioning of the Carrier's facilities or facilities used by the Carrier in the performance of the contract;
- (10) Any change in its charter, constitution, or by-laws which affects any provision of this contract or the Carrier's participation in the Federal Employees Health Benefits Program;

**Attachment E**  
**to**  
**GHMSI's Responses to DISB's Third Scheduling Order**

Community Giving Charts  
Responsive to Question 11

# CareFirst Commitment

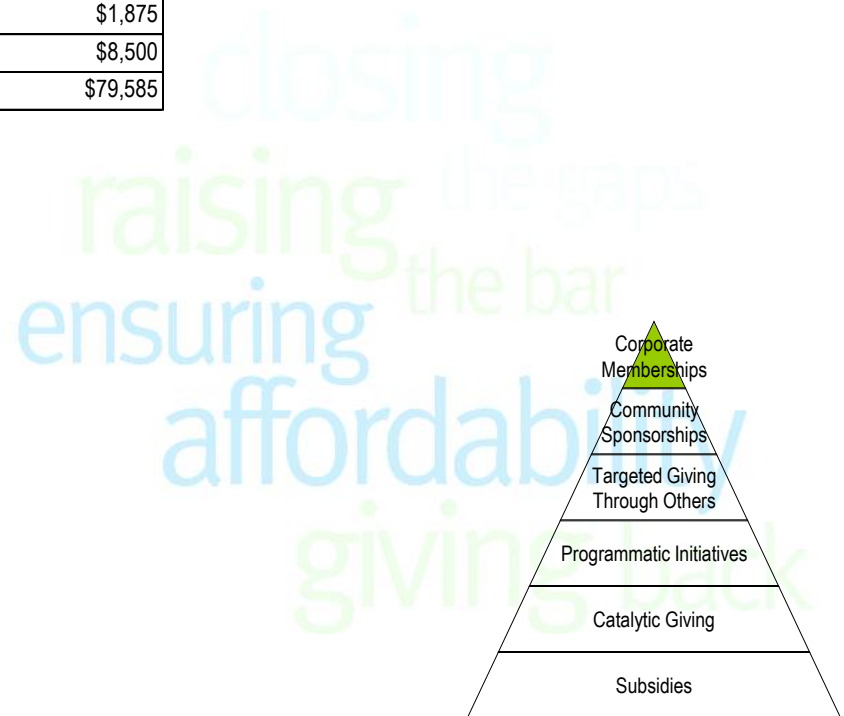
## 2008 YEAR IN REVIEW



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giving back

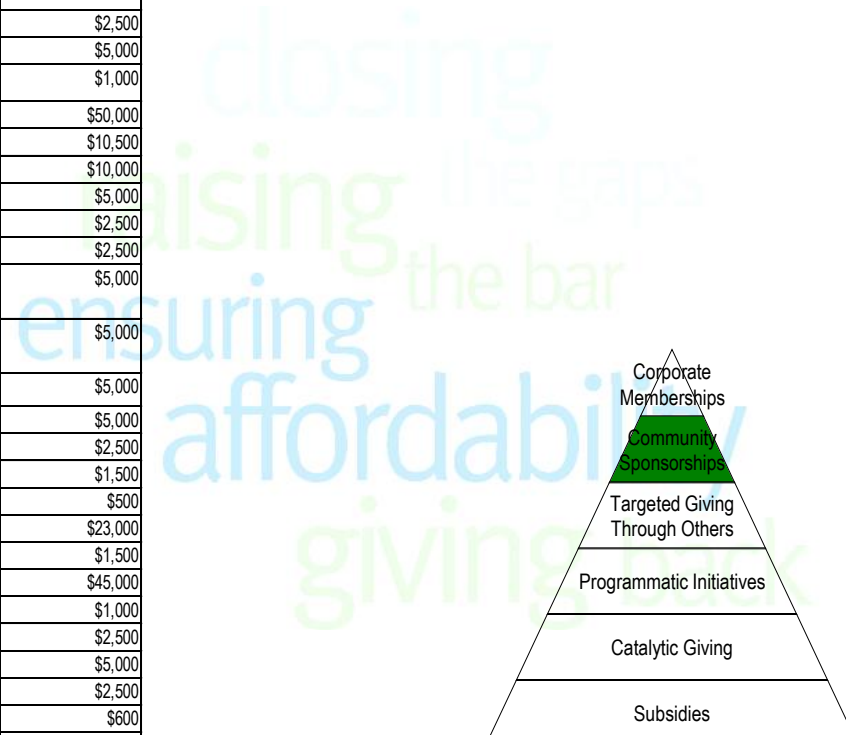
# CareFirst Commitment

NCA Corporate Memberships Through 12/31/08		
Organization		Grant Total
DC Chamber of Commerce	2008 Membership	\$5,610
DC Chamber of Commerce	2008 Membership - Enhancement	\$20,000
District of Columbia Hospital Association	2008 Membership	\$2,500
The Economic Club of Washington DC	2008 Membership	\$1,100
Federal City Council	2008 Membership	\$24,500
Grantmakers in Health	2008 Membership	\$5,500
Greater Washington Board of Trade	2008 Membership	\$10,000
Healthcare Council (NCA)	2008 Membership	\$1,875
Washington Regional Association of Grantmakers	2008 Membership	\$8,500
	<b>TOTAL</b>	<b>\$79,585</b>



# CareFirst Commitment

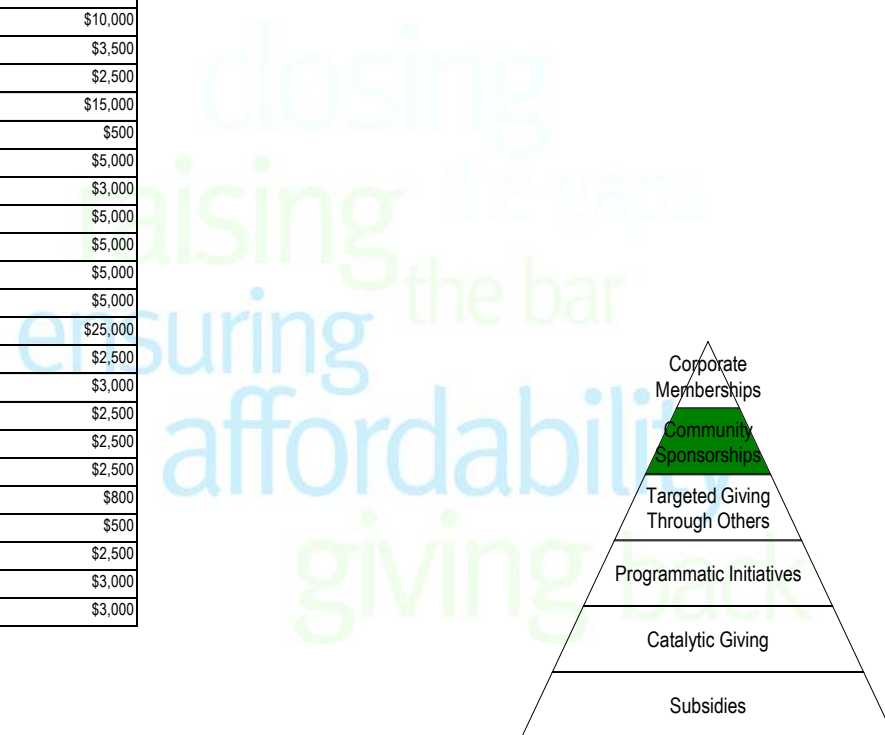
NCA Sponsorships Through 12/31/08		
Organization		Grant Total
Alzheimer's Association	2008 Memory Walk	\$2,500
American Cancer Society	7th Annual Capital Baron's Ball	\$1,500
American Cancer Society	CAN Opener VIP Party	\$100
American Heart Association	The Eleventh Anniversary Greater Washington Region	\$25,000
The American National Red Cross	National Convention	\$15,000
Arlington Free Clinic	12th Anniversary Benefit Gala, "Elegantly Green for Health and Healing"	\$5,000
Arthritis Foundation	The Arts for Arthritis Gala	\$5,000
Asian American LEAD	Annual Dinner/2 events	\$5,000
The Association of Fundraising Professionals/Washington DC Metro Area Chapter	National Capital Philanthropy Day	\$2,500
Auxiliary to the Medico-Chirurgical Society of the District of Columbia	Membership Leadership Luncheon	\$3,000
Black Women United for Action, Inc.	25th Anniversary Slave Memorial Commemoration	\$2,500
Black Women's Health Imperative	25th Anniversary Celebration	\$5,000
The ARC - Building Bridges Across the River, Inc.	1 in a Million Campaign	\$1,000
Capital Breast Care Center	Gift of Life Breakfast	\$50,000
Carl Vogel Center	Telemundo Hispanic Health Expo Health Screenings/Fitness Assessments	\$10,500
Catholic Charities - Spanish Catholic Center	Spanish Catholic Center Gala	\$10,000
Celebrate Fairfax	Celebrate Fairfax! Festival 2008	\$5,000
Children's Environmental Health Network	Third Annual Child Health Advocate Reception	\$2,500
Community Family Life Services - DC	Community Family Life Services Annual Gala	\$2,500
The Community Foundation for the National Capital Region	Gala Sponsorship	\$5,000
Community Services for Autistic Adults & Children (CSAAC)	3rd Annual Honors Gala	\$5,000
The Congressional Award Foundation	National Congressional Award Golf Classic, 14th Annual Congressional Award	\$5,000
The Congressional Award Foundation	Sponsorship Package	\$5,000
Congressional Hunger Center	15th Anniversary Celebration	\$2,500
Covenant House	2008 Fannie Mae Help the Homeless Walkathon	\$1,500
CrisisLink	LinkUp & Listen Gala	\$500
DC Action for Children	Capital Champions for Children & Health Care Forum Series	\$23,000
DC Chamber of Commerce	One Night in Vegas	\$1,500
DC Chamber of Commerce	2008 Chamber's Choice Awards Gala	\$45,000
DC Chamber of Commerce	Legislative Reception to thank the Council and Mayor	\$1,000
D.C. Federation of Civic Associations, Inc.	78th Annual Awards Celebration and Luncheon	\$2,500
DC Youth Advisory Council	Mayor's Youth Advisory Council Youth Leadership	\$5,000
District of Columbia Hospital Association	DCHA Annual Banquet	\$2,500
District of Columbia Hospital Association	2008 Spring Luncheon	\$600
District of Columbia Insurance Federation	Annual Legislative Reception	\$1,000
District of Columbia Primary Care Association	11th Annual Meeting	\$10,000





# CareFirst Commitment

NCA Sponsorships Through 12/31/08		
Organization		Grant Total
Doctors Community Hospital Foundation	Annual Black Tie Ball	\$3,000
Everybody Wins DC	13th Annual Gala	\$1,000
Fight for Children, Inc.	Fight for Children's School Night	\$1,000
The Good Samaritan Foundation	9th Annual Celebrity Golf Tournament	\$5,000
The George Washington Univ. Med. Center	Fifth Annual Cancer Gala	\$5,000
Georgetown University Children's Med. Center	Pediatrics Gala	\$5,000
Greater DC Cares	Greater Washington Business Philanthropy Awards	\$5,000
Greater Washington Board of Trade	Mid-Winter Dinner & Annual Meeting	\$8,500
Greater Washington Hispanic Chamber of Commerce	32nd Annual Gala	\$5,000
The Greater Washington Partnership	Palliative and End-of-Life Care Awards Program and reception	\$15,850
Greater Washington Sports Alliance	SneakerBall V & VI	\$10,000
Greater Washington Urban League	Whitney M. Young, Jr. Gala	\$3,500
Health Outreach Information Network	Nadine's Sabbatical Luncheon	\$2,500
Hispanic College Fund, Inc.	Scholarship Awards Gala	\$15,000
House of Representatives	Christmas Party	\$500
Howard University Office of the President	Charter Day Dinner	\$5,000
Howard University Office of the President	140th Anniversary	\$3,000
Information Technology Senior Management Forum	Annual Awards Gala	\$5,000
INOVA Health System Foundation	Inova Fairfax Hosp. and Inova Juniper Program	\$5,000
Jamaican Women of Washington, Inc.	6th Annual Tea-Off to Good Health	\$5,000
Juvenile Diabetes Research Foundation-Capital Chapter	18th Annual A Night of Hope Gala	\$5,000
Juvenile Diabetes Research Foundation-Capital Chapter	Walk to Cure Diabetes	\$25,000
Leadership Arlington	Health and Human Services Day	\$2,500
Leadership Montgomery Educ. Foundation, Inc.	Celebration of Leadership	\$3,000
The Leukemia & Lymphoma Society	2008 Light the Night Walk	\$2,500
Lorton Art Program	The Lorton Art Program	\$2,500
Maryland Department of Disabilities	18th Anniversary Celebration Contribution	\$2,500
Medical Society of the District of Columbia	2008 Awards Gala Dinner and Dance	\$800
The Medical Society of Virginia	Music for Medicine	\$500
Mentors Inc.	21st Annual Anniversary and Graduation Banquet	\$2,500
Montgomery County Chamber of Commerce	Montgomery County Chamber of Commerce, Annual Public Safety	\$3,000
Montgomery County Chamber of Commerce	2008 Business Awards Dinner	\$3,000



# CareFirst Commitment

## NCA Sponsorships Through 12/31/08

Organization		Grant Total
The National Center for Children & Families	Art & Soul Charity Auction	\$1,000
National Committee for Quality Assurance	2009 Health Quality Awards Dinner	\$10,000
National Council of Negro Women, Inc.	Uncommon Height Awards Gala	\$500
National Gay & Lesbian Chamber of Commerce	2008 NGLCC National Dinner	\$5,000
NUEVA VIDA Inc.	Annual Fundraiser	\$1,000
Organization of Chinese-Americans, Inc.	OCA-DC Annual Awards Gala	\$1,500
Planned Parenthood of Metropolitan Washington	Champions of Choice Annual Awards Luncheon	\$1,500
Primary Care Coalition of Montgomery County	Charity Preview and Congressional Gala	\$3,500
Progressive Life Center	25th Anniversary Gala	\$1,000
Scan of Northern Virginia, Inc.	Scan's 20th Birthday Toast to Hope	\$1,000
Sibley Memorial Hospital	Eighth Annual Celebration of Hope & Progress	\$5,000
Sister to Sister Everyone Has a Heart Found.	Women's Heart Health Fair	\$10,000
Skinner Leadership Institute, Inc.	Masters Series & Dinner	\$12,500
South Dakota State Society	Presidential Inauguration Reception	\$2,500
Special Olympics	Night of Trees Fundraiser Gala	\$2,000
Step Afrika USA Incorporated	Home Performance Series - Opening Night	\$1,500
Susan G. Komen Breast Cancer Foundation	A Taste for the Cure	\$5,200
Susan G. Komen Breast Cancer Foundation	Race for the Cure	\$5,000
Team Thomas	Fore our Youth Golf Tournament	\$1,000
Telemundo-Washington	Telemundo's 2008 La Feria de La Familia	\$30,000
United States Association of Former Members of Congress	11th Annual Statesmanship Awards Dinner	\$3,500
Washington Catholic Athletic Conference	DCIAA-WCAC City Title Championship Games	\$5,000
Washington DC Economic Partnership	2008 Business Premier Small Business Awards	\$5,000
Washington DC Police Foundation	3rd Annual Awards Luncheon	\$1,000
Washington Hospital Center Foundation	Golden Gala	\$10,000
Washington Gas	Washington Area Fuel Fund Auction Donation	\$1,000
Washington Nationals Dream Foundation	Dream Gala	\$5,000
Washington National Opera	Mayor Fenty Arts Awards	\$5,000
Washington National Opera	Opera Student Look-In	\$1,500
Washington Regional Alcohol Program	26th Annual WRAP Meeting	\$1,000
Washington Sports Charities, Inc.	Community Three's Program	\$15,000
Whitman-Walker Clinic	22nd Annual AIDS Walk	\$1,000
Whitman-Walker Clinic	A Celebration of Life Spring Gala	\$5,000
YMCA of Metropolitan Washington	Fifth Annual First Ladies Benefit Luncheon	\$1,250
<b>TOTAL</b>		<b>\$597,800</b>

closing the bar  
 raising the bar  
 ensuring the bar  
 affordability  
 giving



# CareFirst Commitment

NCA Targeted Giving Through 12/31/08		
Organization		Grant Total
Boys and Girls Clubs of Greater Washington	2008 K's for Kids Program - Washington Nationals	\$25,000
Catholic University	Project RN - 2008/09 School Year First Installment for Second Scholarship	\$40,000
Catholic University	Project RN - 2008/09 School Year First Installment for Second Scholarship	\$40,000
The Community Foundation for the National Capital Region	Greater Washington Workforce Development Collaborative	\$15,000
Washington Education Foundation	Inaugural Costco Scholarship Breakfast	\$25,000
Food & Friends	Children Servies Program	\$20,000
The Foundation Schools	Art and Soul of Learning Benefit	\$2,500
Friends of Fort Dupont Ice Arena, Inc.	The Kids On Ice Program	\$5,400
George Mason University	Project RN - 2008/09 School Year First Installment for Second Scholarship	\$40,000
George Mason University	Project RN - 2008/09 School Year Second Installment for First Scholarship	\$40,000
Georgetown School of Nursing and Health Studies	Project RN - 2008/09 School Year Second Installment for First Scholarship	\$40,000
Georgetown University Children's Medical Center	Multi-Year 2006-2008 Children's Mobile Unit	\$50,000
Girls Incorporated	Health and Wellness Summit Sponsorship - 2008 Washington Mystics Charity	\$25,000
Hispanic College Fund, Inc.	Symposium and Scholarship Contribution	\$100,000
Howard University College of Pharmacy, Nursing and Allied Health Sciences	Project RN - 2008/09 School Year Second Installment for First Scholarship	\$40,000
La Clinica del Pueblo	Health Care Funding	\$50,000
Leadership Greater Washington	Youth Leadership Program - 2008	\$10,000
Marymount University	Project RN - 2008 Contribution/09 School Year First Installment for Second Scholarship	\$40,000
Marymount University	Project RN - 2008/09 School Year Second Installment for First Scholarship	\$40,000
MobileMed - Mobile Medical Care, Inc.	Contribution for Mobile Medical Vans - 2008	\$25,000
National Association of Black Accountants, Inc.- Washington	37th Annual National Convention	\$10,000
The NEA Foundation	Contribution	\$1,000
Nova Scripts Central	Pharmacy Program	\$250,000
Boys and Girls Club of PG County	2008 K's for Kids - Bowie Baysox	\$5,000
Planned Parenthood of Metropolitan Washington	Teen Clinic Program Expansion - 2008	\$50,000
Presidential Classroom	Merit Scholarship Program - 2008	\$23,000
United Way of Central West Virginia	2008 Campaign Corporate Match	\$12,489
United Way of the Central Carolina's	2008 Campaign Corporate Match	\$1,200
United Way of the National Capital Area	2008 Campaign Corporate Match	\$79,864
Unity Health Care	Dental Suite Contribution	\$79,586
Unity Health Care	Mobile Medical Unit	\$230,000
	<b>TOTAL</b>	<b>\$1,415,039</b>

closing the bar  
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 ensuring the bar  
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# CareFirst Commitment

NCA Programmatic Through 12/31/08		
Organization		Grant Total
American Heart Association	Power to End Stroke Campaign - 2008/09 Partnership	\$25,000
American Heart Association	Recess By the River	\$25,000
American Lung Association	Breathe Easy DC Campaign - Capitals Charity Recipient for 2008/2009 NHL Season	\$50,000
Auxiliary to the Medico-Chirurgical Charity	Prostate Health and HIV in African American Males	\$24,650
Boys and Girls Clubs of Greater Wash.	Adopt-A-Club Campaign	\$100,000
Catholic Charities - Spanish Catholic Center	QI Initiative	\$74,688
City Year Washington, DC	Project HOPE Initiative	\$100,000
Columbia Lighthouse for the Blind	Pediatric Low Vision Care Program	\$20,000
Covenant House	Peer-Pregnancy Prevention Program	\$40,000
DC Campaign to Prevent Teen Pregnancy	Programmatic Support	\$20,000
District of Columbia Primary Care Association	Quality Culture Series Project	\$505,000
Friends of Fort Dupont Ice Arena, Inc.	The Kids on Ice Program	\$10,000
Girl Scouts of National Capital Area	Grow Strong Program	\$75,000
Government of District of Columbia Depart of Health	Health Start Program - Pilot	\$157,710
Government of District of Columbia Depart of Health	Safe Cribs Initiative	\$173,600
Lisner-Louise-Dickson-Hurt Home	Dental Services	\$5,000
Lutheran Social Services of the Natl Capital Area	2008 Kids and Teen Safe Haven	\$10,000
MedStar Research Institute	Hair Heart & Health Initiative in Washington, DC	\$139,207
Providence Hospital Foundation	Teen Centering Pregnancy & Parenting Program	\$43,196
St. Ann's Infant and Maternity Home	Teen Mother Baby Program Contribution	\$15,000
Summit Health Institute Research & Educ.	Teen HIV/AIDS Health Educators Program	\$99,797
Washington Hospital Center Foundation	NBC4 Health and Fitness Expo	\$155,000
Washington Sports Charities, Inc	Programmatic Support	\$65,000
The Women's Center	Mental Health Counseling Program	\$10,000
YMCA of Metropolitan Washingtbn	YMCA of Metro & Central MD Combating Childhood Obesity	\$148,218
	<b>TOTAL</b>	<b>\$2,091,065</b>

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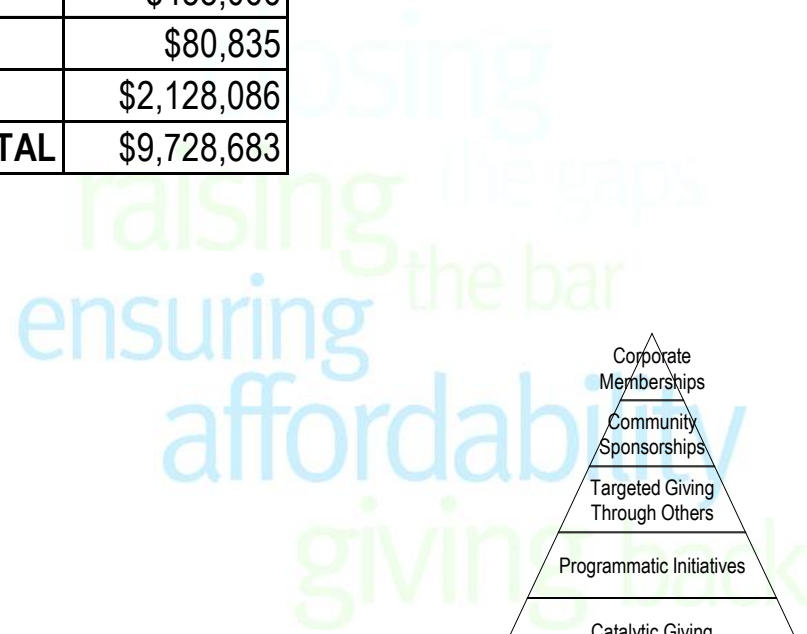
# CareFirst Commitment

NCA Catalytic Through 12/31/08		
Organization		Grant Total
Arlington Free Clinic	Expanded Technology Initiative	\$100,000
Arlington Free Clinic	Safety Net Medical Home Initiative Contribution	\$100,000
Catholic Charities - Spanish Catholic Center	Spanish Catholic Center Montgomery Cnty Dental Program	\$52,275
National Quality Forum	Membership dues for the National Quality Forum	\$31,500
Primary Care Coalition of Montgomery County	Planned Care Enhancements on CHL Care	\$231,479
	<b>TOTAL</b>	\$515,254



# CareFirst Commitment

Organization	NCA
DC Open Enrollment	\$3,289,392
MHIP Sr. Rx Assistance	\$3,772,304
DHMH Health Res. Comm. Unified Data	\$458,066
DHMH MD Rx Discount	\$80,835
DHMH Operating Budget	\$2,128,086
<b>TOTAL</b>	<b>\$9,728,683</b>



In lieu of payments and open enrollment results reflect accounting results effective September 2014. Figures provided in earlier reports may have been adjusted based upon subsequent information.

# CareFirst Commitment

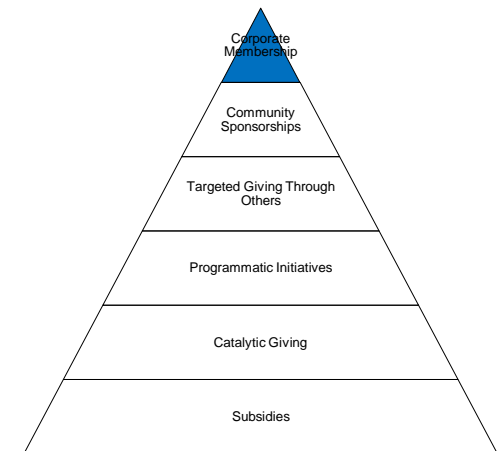
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## 2009 YEAR IN REVIEW



# CareFirst Commitment

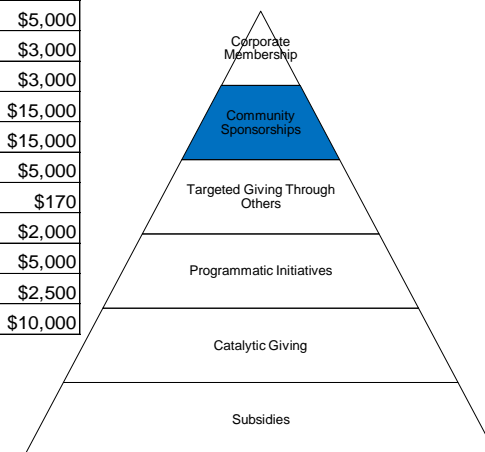
GHMSI Memberships Through 12/31/09		
Organization		Grant Total
DC Chamber of Commerce (Circle Partner)	2009 Membership	\$20,000
DC Chamber of Commerce	2009 Membership	\$5,725
District of Columbia Hospital Association	2009 Membership	\$2,500
Federal City Council	2009 Membership	\$2,000
Greater Washington Board of Trade	2009 Membership	\$10,000
Healthcare Council	2009 Membership	\$1,875
The Economic Club of Washington DC	2009 Membership	\$1,250
National Quality Forum	2009 Membership	\$15,750
Montgomery County Chamber of Commerce	2009 Membership	\$2,750
Virginia Hispanic Chamber of Commerce	2009 Membership	\$2,500
<b>TOTAL</b>		<b>\$64,350</b>





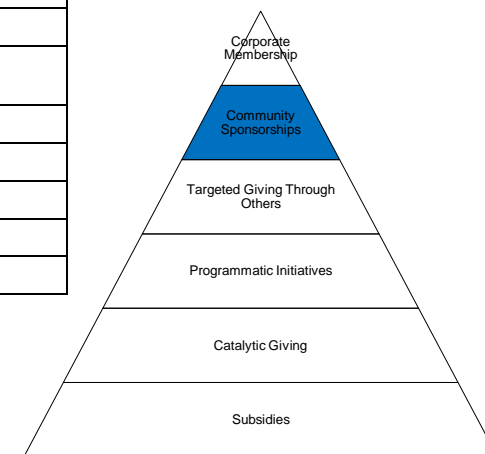
# CareFirst Commitment

GHMSI Sponsorship Giving Through 12/31/09		
Organization		Grant Total
American College of Preventive Medicine	Annual Meeting - Updates on Preventive Medicine	\$1,900
American Heart Association (DC)	Recess at the River and Wii Award Event-Children's Activities	\$25,000
American Lung Association (DC)	Breathe DC Metro Walk 2009	\$2,500
Capital Area Food Bank	Good Neighbor Corporate Campaign -Providing Meals to those in Need	\$1,000
Capital Breast Care Center	3rd Annual Gift of Life Breakfast	\$25,000
Children's Law Center	2009 Helping Children Soar Benefit	\$1,000
Children's National Medical Center	A Vintage Affair benefiting Children's National Medical Ctr.	\$10,000
Columbia Lighthouse for the Blind	Camp Lighthouse	\$2,500
Community Family Life Services - DC	CFLS for our 40th Anniversary Gala Dinner & Silent Auction	\$2,500
Concert for Life	AIDS Benefit	\$500
Congressional Hunger Center	Mickey Leland's Life and Legacy: A Tribute Evening	\$1,000
Covenant House	Annual Capitol Hill Christmas Party for Underprivileged Children	\$500
Cultural Tourism, DC	DC's 2009 Gala: The Embassy Chf Challenge	\$1,000
DC Area Health Education Center	Teaming Up for Health, Cover the Uninsured Week	\$3,000
DC Central Kitchen, Inc.	Capital Food Fight	\$2,500
DC Chamber of Commerce	Chamber's Choice Awards Gala	\$7,500
DC Children and Youth Investment Trust Corp.	Annual City Title Basketball Game	\$5,000
DC Federation of Civic Association, Inc.	79th Annual Awards Luncheon and Celebration	\$1,000
DC Wheel Productions, Inc.	Educational and Cultural Programming - DC Festival	\$3,000
District of Columbia Hospital Association	DCHA 2009 Spring Luncheon	\$5,000
District of Columbia Hospital Association	District of Columbia Hospital Assoc. Annual Banquet	\$3,000
District of Columbia Primary Care Association	DCPCA 12th Annual Fundraiser	\$3,000
Educational Video in Spanish	Telemundo Feria De La Familia - Free Health Screening	\$15,000
Everybody Wins DC	DC Healthy Month Initiative	\$15,000
Everybody Wins DC	EDC Open Books, Open Door 14th Annual Gala	\$5,000
Federal City Council	Board Meeting Luncheon	\$170
Fight for Children, Inc.	Fight for Children Concert	\$2,000
Georgetown University Children's Medical Center	Tenth Annual Georgetown Pediatrics Gala	\$5,000
Girl's Inc. of the Washington DC Metro Area	Strong, Smart and Bold Gala to Support Violence Prevention	\$2,500
Girl's Inc. of the Washington DC Metro Area	2009 DC Celebration Luncheon	\$10,000



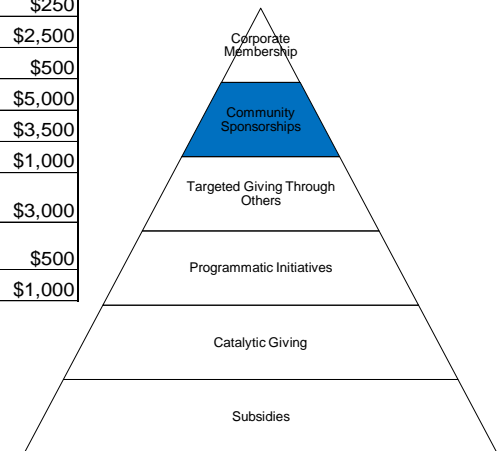
# CareFirst Commitment

GHMSI Sponsorship Giving Through 12/31/09	
Organization	
Greater DC Cares	Business & Nonprofit Philanthropy Summit and Awards
Greater Washington Board of Trade	Mid-Winter Dinner
Greater Washington Board of Trade	2009 Annual Meeting "The Look Ahead"
Greater Washington Hispanic Chamber of Commerce	GWHC Membership & 33rd Annual Gala
Greater Washington Urban League	Third Annual Decades Party
Greater Washington Urban League	37th Annual Whitney M. Young, Jr. Gala
Health Outreach Information Network	Memories of Mothers Health Crusade
Hispanic College Fund, Inc.	Annual Scholarship Awards Gala
Howard University Office of the President	Entrepreneurial Dream Awards Dinner
IONA Senior Services	IONA Art of Caring Inaugural Benefit Luncheon to Honor Family Caregivers
Jamaican Women of Washington, DC	Fundraising for Breath of Life: Decrease Infant and Child Mortality
Joint Center for Political and Economic Studies	Annual Gala
Juvenile Diabetes Research Foundation-Capital Chapter	DC Walk to Cure Diabetes
Juvenile Diabetes Research Foundation-Capital Chapter	JDRF Walk to Cure Diabetes-DC Nationals Stadium
Kingsbury School	Annual Scholarship Auction and Luncheon
Knock-Out Abuse	Knock-Out Abuse Against Women Benefiting Victims of Domestic Violence
Leadership Greater Washington	Youth Leadership Greater Washington Day Program
Links, Inc.	Family Caregivers Health Screening at Providence Hosp.
Links, Inc.	Support of Medical Services for Seniors
Mary's Center for Maternal and Child Care	Support Low Income Residents Free Health Care
Mentors, Inc.	22nd Anniversary Celebration and Graduation Banquet



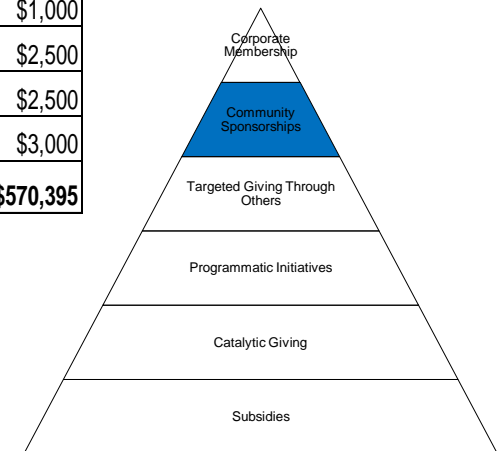
# CareFirst Commitment

GHMSI Sponsorship Giving Through 12/31/09		
Organization		Grant Total
Planned Parenthood of Metropolitan Washington	DC Champions of Choice Annual Awards Luncheon	\$2,500
Providence Hospital Foundation	10th Annual Providence Hospital Golf Classic	\$3,000
Providence Hospital Foundation	Gala in Support of Prov. Hosp. Mission to serve the sick & poor	\$5,000
Sibley Memorial Hospital	Celebration of Hope and Progress to benefit Cancer Programs	\$10,000
Sister to Sister Everyone Has a Heart Foundation	Sister to Sister Event to Benefit Heart Disease for Women	\$35,000
Smithsonian Institution	42nd Anniversary Celebration Fundraiser to support public prog.	\$10,000
The Community Foundation for the National Capital Region	Celebration of Civic Spirit	\$1,000
The George Washington University	The GW Cancer Gala	\$5,000
The Greater Washington Foundation of Ins. & Financial Adv.	GWF Educational Programs and Professional Development	\$2,500
The John F. Kennedy Cener for the Performing Arts	17th Annual Spring Gala to Celebrate Accomplishment of Women in Arts	\$10,000
The Links, Inc.	National Trends and Services Report: Caregivers Forum	\$3,000
The Thurgood Marshall Academy	9th Annual Shining Star Gala	\$2,500
Washington Hospital Center Foundation	NBC4 Health Fair	\$95,000
Washington Sports and Entertainment Charities, Inc.	Community Three's Program	\$15,000
Yvette Alexander Constituent Fund	Fundraiser for Y. Alexander's Constituent Fund	\$400
Community Services for Autistic Adults & Children	Honors Fall Gala	\$1,000
Montgomery County Chamber of Commerce	35th Annual Public Safety Awards Luncheon	\$500
Temple Beth Ami	W.H.A.R.F.F. Community Expo to Benefit Spiritual Growth in the Jewish People	\$250
The Foundation Schools	Art and South of Learning 2009 Benefit Onward & Upward! Dnr.	\$2,500
Wellness Community-Greater Washington DC	Drive Out Cancer Annual Golf Tournament	\$500
Boys and Girls Clubs of Greater Washington (DC)	Tim Russert Congressional Dinner	\$5,000
Boys and Girls Clubs of Greater Washington (DC)	10th Annual Benefit ICON'09 - Women's Leadership Group	\$3,500
CASA de Maryland, Inc.	25th Anniversary and Opening of Multicultural Center	\$1,000
Doctor's Community Hospital Foundation	Pink Tie Ball in Support of Doctors Community Breast Cancer Services	\$3,000
Excellence in Education Foundation for PG, Co.	Reception at the Annual Conf. of the White House Initiative for Historically Black Colleges and Universities	\$500
The Montgomery Co. Community Foundation	Celebration of Giving Event	\$1,000



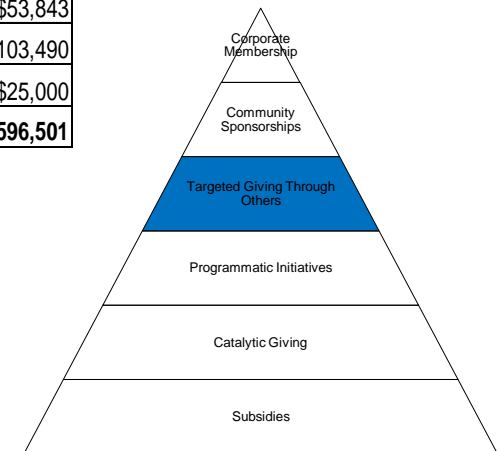
# CareFirst Commitment

GHMSI Sponsorship Giving Through 12/31/09		
Organization		Grant Total
The Prince George's Community Foundation	Civic Leadership Awards Gala	\$25,000
Alexandria Community Trust	2nd Annual Event to Honor Philanthropic Traditions	\$15,000
American Heart Association	Greater Washington Region Greater Heart Gala	\$10,000
Arlington Free Clinic	13th Annual Benefit Gala	\$2,000
Farfax County Government	Celebrate Fairfax! Festival	\$5,000
INOVA Health System Foundation	Black and White Ball	\$5,000
Leadershp Arlington	Leadership Arlington Signature Program Health & Human Serv.	\$2,500
New Hope Housing, Inc.	Swingin' into Spring Gala to Benefit Homeless Families	\$1,500
Northwest Federal Credit Union	Children's Miracle Network Raffle Drawing	\$100
The Leukemia & Lymphoma Society - NCA	2009 Man & Women of the Year Campaign	\$5,000
The Leukemia & Lymphoma Society - NCA	2009 Light the Night Walk	\$1,000
The Medical Society of Virginia Foundation	2009 Physicians' Gala Advertisement	\$1,000
The Tigerlily Foundation	Gala to Support and End Isolation and Breast Cancer	\$1,000
The Women's Center	23rd Annual Leadership Conference	\$2,500
Virginia Hospital Center	Family Fun Day to Provide Health Care to VA Hospital Patients	\$2,500
Virginian	34th Annual Virginian Soccer Tournament	\$3,000
	<b>TOTAL</b>	<b>\$570,395</b>



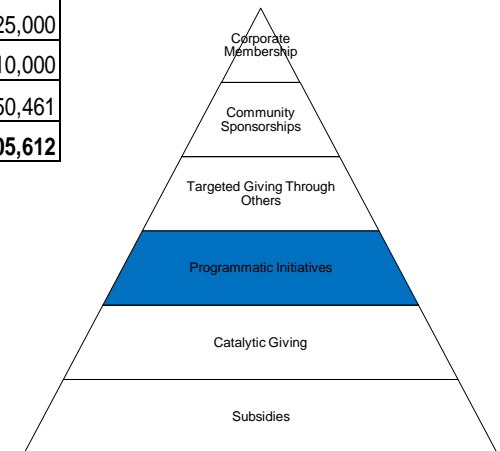
# CareFirst Commitment

GHMSI Targeted Giving Through 12/31/09		
Organization		Grant Total
Alexandria Neighborhood Health Services, Inc.	Perinatal Health Care Program	\$334,140
Bread for the City	Vital Sign Machine Replacement	\$22,793
Catholic University	Project RN	\$40,000
Columbia Road Health Services	General Operating Support	\$20,000
George Mason University	Project RN	\$40,000
INOVA Health System Foundation	CHP and HealthSource Partnership of Health-Educ. Programs	\$113,408
INOVA Juniper Program	HIV/AIDS Grant	\$225,233
March of Dimes	Mama and Baby Bus	\$50,000
Mary's Center for Maternal and Child Care	Operational Support Grant Silver Spring Clinic	\$10,000
Marymount University	Project RN	\$40,000
MobileMed-Mobile Medical Care, Inc.	Mobile Medical Van Support	\$50,000
Northern Virginia Family Service	Healthy Families Program for the Underserved Pop. In NoVA	\$393,594
Northern Virginia Urban League	Mothers Program to Support First Time Pregnant Adolescents	\$75,000
Spanish Catholic Center, Inc.	Spanish Catholic Center Montgomery Co. Dental Program	\$53,843
United Way Campaign	Contributions	\$103,490
Whitman-Walker Clinic	Mobile Testing Unit	\$25,000
	<b>TOTAL</b>	<b>\$1,596,501</b>



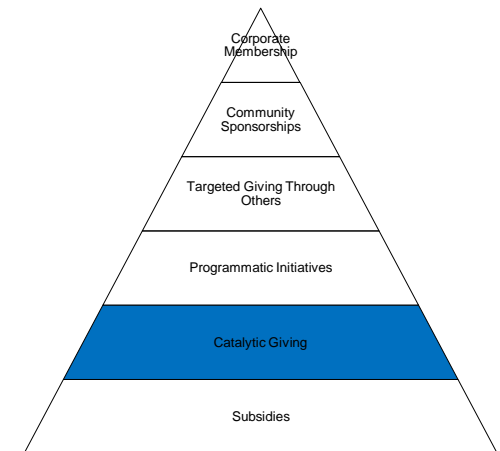
# CareFirst Commitment

GHMSI Programmatic Giving Through 12/31/09		
Organization		Grant Total
City Year Washington, DC	Project Hope Initiative	\$50,000
Columbia Lighthouse for the Blind	Latino Diabetic Eye Health Initiative Grant	\$25,000
DC Campaign to Prevent Teen Pregnancy	Preventing Teen Pregnancy	\$5,000
DC Dept. of Health - Safe Cribs	Safe Cribs Initiative	\$173,100
DC Dept. of Health - Healthy Start	Healthy Start Program	\$159,056
Girl Scouts of the National Capital Area	Grow Strong Program	\$37,500
Greater Washington Urban League	Food Justice for Healthy Living in Ward 8	\$5,000
INOVA Juniper Program	Funding for Mental Health Component	\$25,000
MedStar Research Institute	Hair, Heart & Health Initiative	\$200,000
Melwood*	Autism Service, After-School Therapeutic Integration Prog.	\$5,000
Metro Teens AIDS	HIV/AIDS Prevention	\$25,000
Neediest Kids	Health Care for School Children	\$35,000
Prince George's County Health Department*	Tomorrow's Children Program to Fund Portable Cribs	\$32,300
Providence Hospital Foundation	Teen Centering Pregnancy & Parenting Program	\$43,195
Ron Brown Scholar Fund	The Ron Brown Scholar CareFirst Connection	\$25,000
Sudden Infant Death Services of the Mid-Atlantic	Cribs for Kids Project	\$10,000
YMCA Childhood Obesity & Activity Programs	Combating Childhood Obesity	\$150,461
	<b>TOTAL</b>	<b>\$1,005,612</b>



# CareFirst Commitment

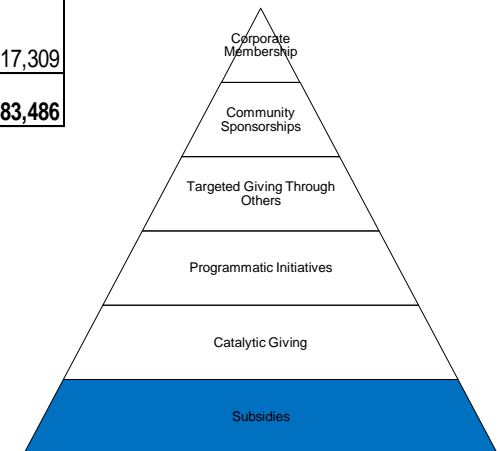
GHMSI Catalytic Giving Through 12/31/09		
Organization		Grant Total
Arlington Pediatric Center	Electronic Health Records and Practice Mgmt. System	\$75,000
Catholic Charities	QI Initiative	\$76,085
DC Primary Care Association	Quality Culture Series Project	\$497,000
Healthy Mothers, Healthy Babies Coalition, Inc.	Healthy Mothers, Healthy Babies Coalition Text4baby Program	\$200,000
Hispanic College Fund, Inc.	Scholarship and Young Professionals Program	\$70,000
Maryland Hospital Association	Who Will Care?	\$150,000
Maryland Patient Safety Center	Newborn Intensive Care Unit IProgram	\$96,250
Patient Centered Medical Homes	Medical Homes Project	\$830,928
	<b>TOTAL</b>	<b>\$1,995,263</b>



# CareFirst Commitment

GHMSI Subsidies Through 12/31/09		
		Subsidy Total
DC Open Enrollment	CareFirst receives a minimal subsidy in the form of a partial exemption from the District's 1.7percent tax on insurance premiums to offset projected financial losses from insuring members in the DC Open Enrollment program, designed specifically for individuals who cannot obtain commercial, medically underwritten coverage because of pre-existing medical conditions.	\$3,309,910
MD Donut Hole Coverage	Senior Medicare Part D assistance program	\$1,308,202
MHIP Sr. Rx Assistance	Rate relief program for lower income seniors who don't qualify for the federal discount for the poor	\$4,154,557
DHMH Hlth. Res. Comm. Unified Data		\$504,482
DHMH MD Rx Discount	State Health Department's prescription drug discount program for Maryland residents who don't qualify for Medicaid	\$89,026
MD Comm. Health Res. Comm. Oper. Budget	Funded solely by a portion of payments CareFirst makes in lieu of the 2% indemnity premium tax, the Commission awards grants to a variety of organizations that increase access and affordability of health care coverage	\$2,817,309
	<b>Total</b>	<b>\$12,183,486</b>

In lieu of payments and open enrollment results reflect accounting results effective September 2014. Figures provided in earlier reports may have been adjusted based upon subsequent information.





# CareFirst Commitment

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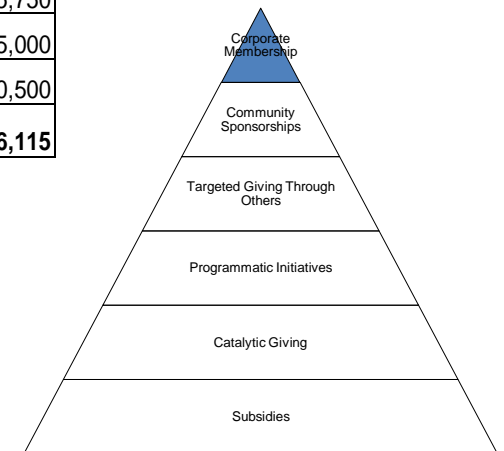
## 2010 YEAR IN REVIEW



# CareFirst Commitment

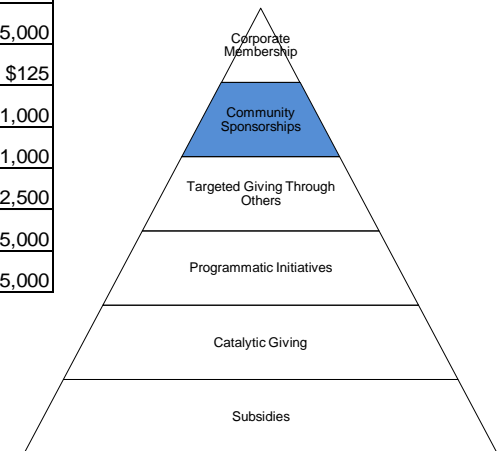
## GHMSI Memberships Through 12/31/10

Organization		Grant Total
Baltimore Washington Corridor Chamber of Commerce	2011 Membership	\$1,150
DC Chamber of Commerce	2011 Membership	\$5,840
DC Chamber of Commerce	2010 Membership	\$5,725
District of Columbia Hospital Association	2011 Membership	\$2,500
District of Columbia Hospital Association	2010 Membership	\$2,500
Federal City Council	2010-2011 Membership (Addendum)	\$2,000
Federal City Council	2010-2011 Membership	\$10,000
Grantmakers in Health	2010-2011 Membership	\$5,500
Greater Washington Board of Trade	2010-2011 Membership	\$10,000
Greater Washington Hispanic Chamber of Commerce	2010-2011 Membership	\$5,000
Mid-Atlantic Business Group on Health	2011 Membership	\$1,900
Montgomery County Chamber of Commerce	2010-2011 Membership	\$2,750
National Quality Forum	2010 Membership	\$15,750
Washington Regional Association of Grantmakers	2010-2011 Working Group on Aging Membership	\$5,000
Washington Regional Association of Grantmakers	2010 Membership	\$10,500
	Total	<b>\$86,115</b>



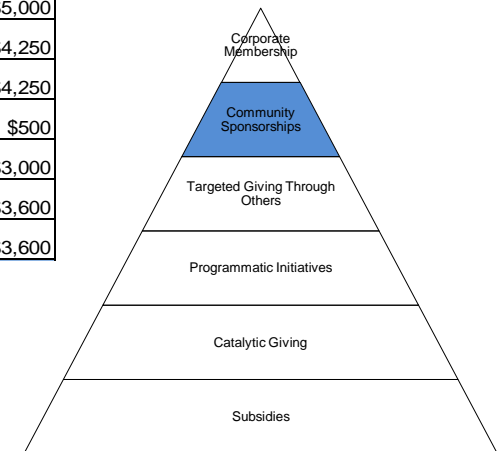
# CareFirst Commitment

GHMSI Sponsorship Giving Through 12/31/10		
Organization		Grant Total
Africare House	Africare Bishop John T. Walker Memorial Dinner	\$2,500
American Heart Association (DC)	Heart Walk	\$12,500
American Heart Association (DC)	Matching Grant: 2010 Start! Heart Walk	\$840
American Heart Association (DC)	CPR Kits Fundraiser	\$10,000
American Red Cross of the National Capital Area	Fire and Ice Ball	\$1,300
Arc of Northern Virginia	Mardi Gras in October Auction and Fundraiser	\$1,000
Asian American LEAD	Annual Fundraising Dinner	\$3,000
Association of Black Cardiologist, Inc.	ABC 2020: Saving the Hearts of a Diverse America	\$2,500
Boys and Girls Clubs of Greater Washington (DC)	Icon 10 Dinner - Women's Leadership Group Annual Benefit	\$3,500
Boys and Girls Clubs of Greater Washington (DC)	Annual Fundraiser Dinner	\$10,000
Campaign for Tobacco-Free Kids	Gala	\$600
Capitol Hill Cluster School	Capitol Classic Race	\$1,000
Carl Vogel Foundation, Inc.	Recess by the River Health Screenings	\$1,000
CASA For Children of the District of Columbia	CASA DC Fundraiser	\$200
Catholic Charities Foundation	Spanish Catholic Center Gala	\$5,000
Center for Minority Studies, Inc.	HIV/AIDS Awareness Day	\$125
CHI Centers Inc.	Fundraiser Golf Tournament	\$1,000
Children's Hospital Foundation	Family Wellness Day	\$1,000
Children's Law Center, Inc.	Helping Children Soar Benefit Dinner	\$2,500
Children's National Medical Center	A Vintage Affair Annual Fundraiser	\$5,000
Community Foundation for Prince George's County	Civic Leadership Awards	\$5,000



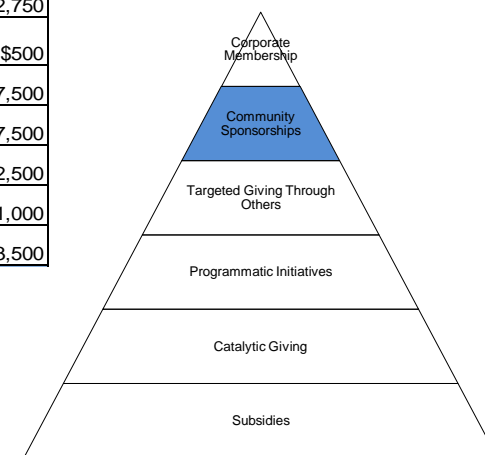
# CareFirst Commitment

GHMSI Sponsorship Giving Through 12/31/10		
Organization		Grant Total
Community Foundation for the National Capital Region	Celebration of Spirit	\$2,500
Community Health Partnership	Community Health Festival	\$5,000
Community of Hope	30th Anniversary Dinner	\$1,000
Community Services for Autistic Adults & Children (CSAAC)	Honors Gala for Autism	\$3,500
Cultural Tourism, DC	WalkingTown DC	\$10,000
Cultural Tourism, DC	Embassy Chef Challenge Fundraiser	\$2,000
D.C. One City Fund	Vince Gray Inaugural 2010	\$25,000
DC Campaign to Prevent Teen Pregnancy	I'm From DC Celebration	\$1,000
DC Central Kitchen, Inc.	Capital Food Fight	\$2,500
DC Chamber of Commerce	Chamber Choice Awards	\$27,500
DC Chamber of Commerce	Circle Partnership	\$20,000
DC Chamber of Commerce	Policy Forum and Legislative Reception	\$3,000
DC Children and Youth Investment Trust Corporation	Fundraiser to support DC Public Schools	\$5,000
DC Vote	I Am DC Champions of Democracy Awards	\$5,000
Delta Kappa Gamma International Society	Women's Health Fair	\$5,000
District of Columbia Hospital Association	Spring Luncheon	\$4,250
District of Columbia Hospital Association	Annual Fall Banquet	\$4,250
District of Columbia Primary Care Association	13th Annual Meeting	\$500
Doctors Community Hospital Foundation	Pink Tie Ball	\$3,000
Everybody Wins! D.C., Inc.	2010 Power Lunch Program	\$3,600
Everybody Wins! D.C., Inc.	2011 Power Lunch Partner	\$3,600



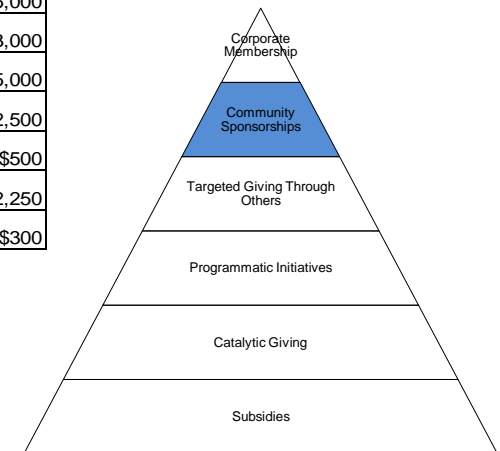
# CareFirst Commitment

GHMSI Sponsorship Giving Through 12/31/10		
Organization		Grant Total
Fair Chance	Butterfly Bash Fundraiser	\$5,000
Fairfax County Government	Community Festival	\$5,000
Federal City Council	Executive Committee Meetings (CEO Level)	\$416
Feed the Homeless	Thanksgiving for the Homeless	\$1,000
Fight for Children, Inc.	School Initiative	\$700
Food & Friends	Chef's Best A Cause To Celebrate	\$2,250
Friends of Emery Community	Emery Football	\$2,000
Georgetown University Hospital	Pediatrics Gala Fundraiser	\$5,000
Girls Inc. of the Washington, DC Metro Area	Strong, Smart, and Bold Gala	\$2,500
Greater DC Cares	Martin Luther King Jr. Day of Service	\$5,000
Greater DC Cares	National Day of Service & Remembrance Volunteerism Event	\$5,000
Greater DC Cares	Philanthropy Summit and Awards	\$5,105
Greater DC Cares	Community Cleanup Fundraiser	\$2,500
Greater Washington Association of Health Underwriters	Health Insurance Advocacy for Brokers (Split CC)	\$875
Greater Washington Board of Trade	Dinner Fundraiser	\$2,750
Greater Washington Foundation of Insurance & Financial Advisors	Annual Luncheon Meeting	\$500
Greater Washington Sports Alliance	Sneaker Ball	\$7,500
Greater Washington Urban League	Whitney M. Young Memorial Gala	\$7,500
Greater Washington Urban League	Decades Party Annual Fall Fundraiser	\$2,500
Greater Washington Urban League	100th Anniversary Conference: Senior and Disabled Access	\$1,000
Greater Washington Urban League	Memorial Gala Benefitting Low Income Residents	\$3,500



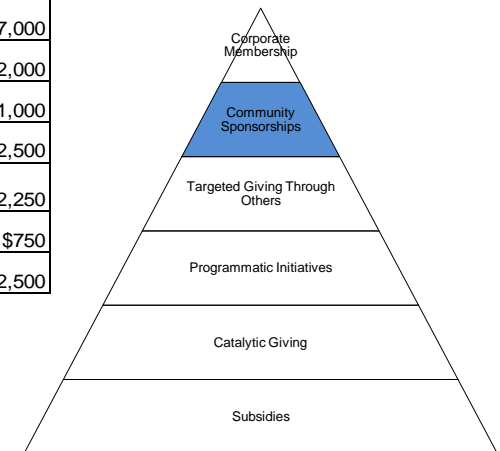
# CareFirst Commitment

GHMSI Sponsorship Giving Through 12/31/10		
Organization		Grant Total
Hispanic College Fund, Inc.	2011 Scholarship Awards Gala	\$15,000
Hispanic College Fund, Inc.	2010 Scholarship Awards Gala	\$10,000
Hispanic College Fund, Inc.	Young Professionals Workshop	\$5,000
The Hope Marietta Foundation	Annual Hope for Hearts Casino Night	\$2,000
Covenant House	Eleanor Holmes Norton Capitol Hill Fundraiser	\$500
Howard University	Charter Day Dinner	\$3,000
INOVA Health System Foundation	Gala	\$5,000
Institute for the Advancement of Multicultural & Minority Medicine	Awards Benefit Gala	\$1,000
IONA Senior Services	Benefit Luncheon	\$1,500
Ivymount School Foundation	Benefit Auction	\$500
Jack and Jill of America, Inc. Montgomery County MD Chapter	Annual Fundraiser	\$1,000
Jamaican Women of Washington, Inc.	Luncheon to Support Local Non-Profits	\$2,500
Jewish Community Center of Greater Washington	Fundraiser	\$1,800
John F Kennedy Center for the Performing Arts	Season Opening Ball	\$2,000
John F Kennedy Center for the Performing Arts	Spring Gala Benefit	\$5,000
Joint Center for Political and Economic Studies	Fundraiser	\$3,000
Kingsbury Center	Auction Fundraiser	\$5,000
Leadership Arlington	Health and Human Services Day	\$2,500
Leadership Fairfax, Inc.	Bagged Meal Project	\$500
Leadership Greater Washington	Community Service Awards Dinner	\$2,250
Leadership Montgomery	Celebration of Leadership Dinner	\$300



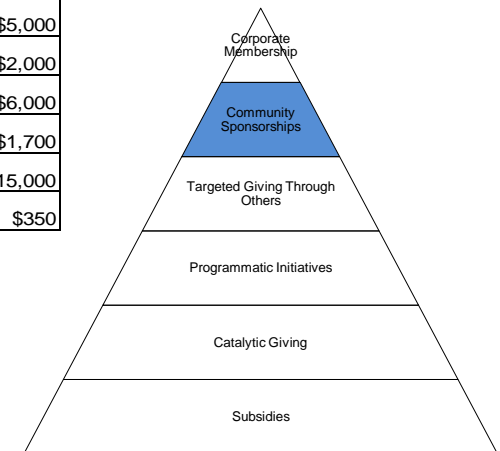
# CareFirst Commitment

GHMSI Sponsorship Giving Through 12/31/10		
Organization		Grant Total
Leadership Prince George's	Leadership Recognition Dinner	\$1,000
The Leap Frog Group	10 Year Anniversary Gala	\$2,000
Leukemia & Lymphoma Society - NCA	Light the Night Walk - DC	\$1,000
Leukemia & Lymphoma Society - NCA	Man & Woman of the Year Fundraiser	\$5,000
Life Circle Alliances Inc	Kudos for Community Caregivers Breakfast	\$1,000
The Links Foundation, Inc.	Family Caregivers Forum	\$500
The Links Foundation, Inc.	Senior Citizens Christmas party in partnership with Providence Hospital and Howard University in support of	\$500
Long Branch Athletic Association	Celebrity Basketball Game	\$500
Love Affection and Compassion for Neighborhood Development	Summer Child Enrichment Program	\$10,000
Mary's Center for Maternal and Child Care	Noche Tropical Gala	\$10,000
Mautner Project	2010 Health Programs Gala	\$5,000
Mautner Project	2011 Health Programs Gala	\$5,000
Medical Society of the District of Columbia	Annual Meeting and Social	\$425
The Medical Society of Virginia	Annual Meeting	\$6,000
Metropolitan Washington Council of Governments	Conference Sponsorship	\$7,000
MGH Health Foundation	Hospital Services Fundraiser	\$2,000
Mission of Love Charities, Inc.	Fundraising Dinnner	\$1,000
N Street Village	Homeless Women's Appeal	\$2,500
National Association of Minority & Women Owned Law Firms	Annual Meeting & Law Firm Expo	\$2,250
National Center for Children and Families Inc	Charity Auction	\$750
The NEA Foundation	Salute to Excellence in Education Gala	\$2,500



# CareFirst Commitment

GHMSI Sponsorship Giving Through 12/31/10		
Organization		Grant Total
Neediest Kids	Benefit Event	\$2,500
Northern Virginia Black Chamber of Commerce	Executive Circle Dinner	\$1,000
Northern Virginia Family Service	Fundraising Gala	\$1,500
People's Foundation, Inc. c/o The Peoples Community Baptist Church	Fathers and Friends Charity Golf Tournament	\$300
Perry School Community Services, Inc.	Team Up Event	\$1,000
PHI Community Foundation	Golf Classic Heating Fundraiser	\$2,000
Planned Parenthood of Metropolitan Washington	Champions of Choice Awards Luncheon	\$2,500
Prince Georges Community College Foundation Inc	Partners for Success Awards Dinner	\$500
Prince George's Path to Greatness	Prince George's County 2010 Inaugural Celebration	\$5,000
Prince George's Tennis & Education Foundation	Healthy Lifestyles Program	\$5,000
Samaritan Inns	Hope Realized' Celebration	\$5,000
SCAN of Northern Virginia	Toast of Hope	\$500
SCAN of Northern Virginia	Pause for a Child Campaign Luncheon	\$1,000
School Without Walls Senior High School	Program Ad	\$200
Sibley Memorial Hospital	Hope & Progress Gala	\$10,000
Smithsonian Institution	Anacostia Community Museum Anniversary Luncheon	\$5,000
Special Olympics (DC)	Night of Trees	\$2,000
St. Ann's Infant and Maternity Home	150th Anniversary Gala	\$6,000
Step Afrika U S A Incorporated	Performance Series Fundraiser	\$1,700
Telemundo-Washington	La Feria de la Familia Health Fair	\$15,000
Thurgood Marshall Academy	Shining Star Gala	\$350

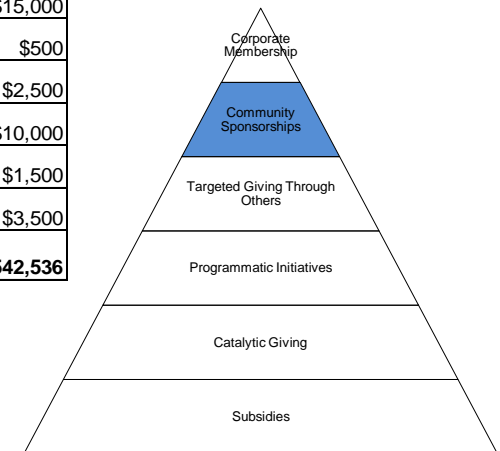




# CareFirst Commitment

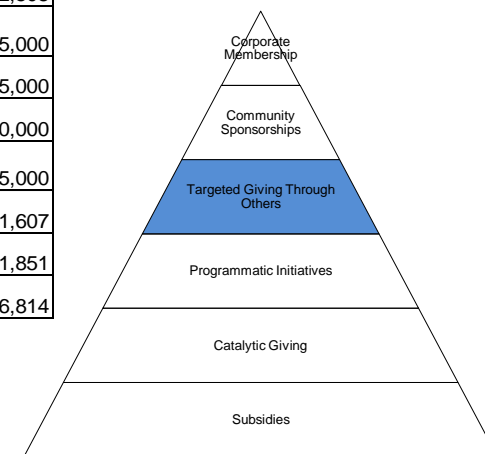
## GHMSI Sponsorship Giving Through 12/31/10

Organization		Grant Total
Tigerlily Foundation	Annual Gala	\$1,000
United States Association of Former Members of Congress	Statesmanship Award Dinner Benefit	\$1,600
Unity Health Care	25th Anniversary Benefit Gala	\$10,000
Us Helping Us, Inc.	Autumn Reception	\$550
Virginia Hospital Center	Second Annual Gala, A Signature Evening	\$2,500
Virginia Hospital Center	First Signature Evening Fundraiser	\$2,500
Volunteer Alexandria	Spring for Alexandria Celebration	\$2,500
Washington Animal Rescue League	Animal Rescue Fundraiser	\$500
Washington Ballet	Scholarships Fundraiser	\$1,200
Washington DC Police Foundation	5th Annual Law Enforcement Awards Luncheon	\$1,000
Washington Drama Society Inc. (Arena Stage)	Arena Stage Opening Gala Celebration	\$5,000
Washington National Opera	Opera in the Outfield	\$2,500
Washington Regional Association of Grantmakers	Annual Meeting: Opportunities for Impact	\$1,000
Washington Sports and Entertainment Charities, Inc	Washington Wizards Community Three's Program	\$15,000
Whitman-Walker Clinic	Annual Art Auction	\$500
Women's Center	Leadership Conference	\$2,500
Woodland Tigers Youth Sports & Education Program Inc.	AAU's National Championship	\$10,000
YMCA Fairfax County Reston	Rock On Community Gala	\$1,500
Youth for Tomorrow	Fundraising Ball	\$3,500
	Total	<b>\$542,536</b>



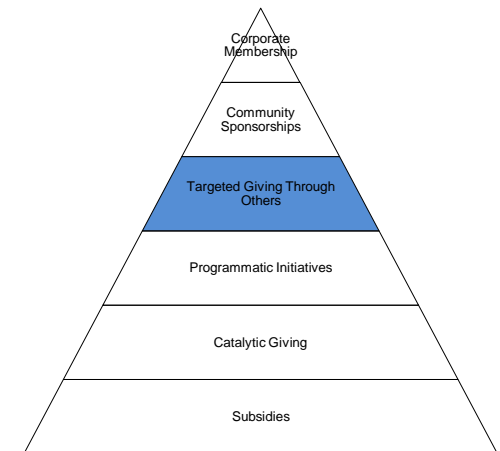
# CareFirst Commitment

GHMSI Targeted Giving Through 12/31/10		
Organization		Grant Total
Alexandria Neighborhood Health Services, Inc.	Dental Care Access Collaborative Service	\$96,500
American Red Cross of the National Capital Area	Haiti Relief Contribution	\$5,928
Arlington Free Clinic	Comprehensive Critical Care Coordination and Case Management for Continuity of Health Care	\$50,000
Capital Breast Care Center	Increasing Access to Breast Cancer Screening/ Navigation Services	\$100,000
Child Center and Adult Services, Inc	Healthy Mothers, Healthy Babies: Early Intervention for Women with Perinatal Depression	\$43,333
Food & Friends	Children's Services Program	\$20,000
Girls Inc. of the Washington, DC Metro Area	Girls Inc. Empowerment Program	\$25,000
INOVA Health System Foundation	Inova Health System Congregational Health Partnership (CHP) and HealthSource. Provider of health-education programs	\$113,408
March of Dimes Maryland-National Capital Area	Mama and Baby Bus	\$50,000
March of Dimes Maryland-National Capital Area	March of Dimes Mama & Baby Bus (MBB)	\$263,314
Melwood Horticultural Training Center, Inc.	Kamp A-Kom-Plish Program	\$10,000
Northern Virginia AIDS Ministry	Health Education and Risk Reduction Training Services (HEARTS)	\$50,000
Northern Virginia Family Service	Healthy Families Grant Extension	\$392,508
Northern Virginia Urban League	Resource Mothers Program to support first time pregnant and parenting adolescents	\$75,000
NOVA Scripts Central	Enhanced Access to Medication	\$95,000
Project Access of Northern Virginia	Safety Net Support Program	\$10,000
St. Ann's Infant and Maternity Home	Teen Mother Baby Program: Comprehensive Maternal and Child Health Care for At-Risk Adolescents	\$15,000
United Way of Central Carolinas	2010 Campaign Corporate Match	\$1,607
United Way of Central Carolinas	2009 Campaign Corporate Match	\$1,851
United Way of Central West Virginia	2010 Campaign Corporate Match	\$6,814



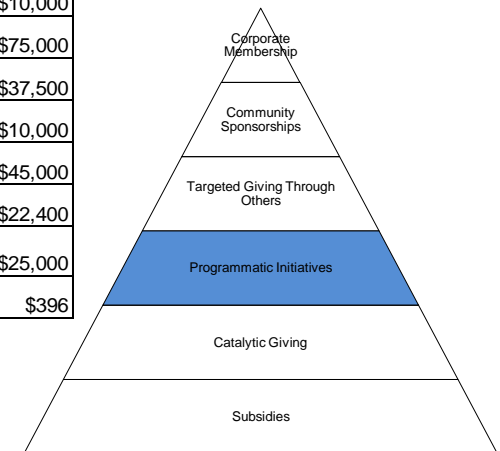
# CareFirst Commitment

GHMSI Targeted Giving Through 12/31/10		
Organization		Grant Total
United Way of Central West Virginia	2009 Campaign Corporate Match	\$6,425
United Way of the National Capital Area	2009 Campaign Corporate Match	\$76,276
United Way of the National Capital Area	2010 Campaign Corporate Match	\$75,912
Women's Center	Minimal-Fee Mental Health Counseling Program	\$10,000
	Total	<b>\$1,593,876</b>



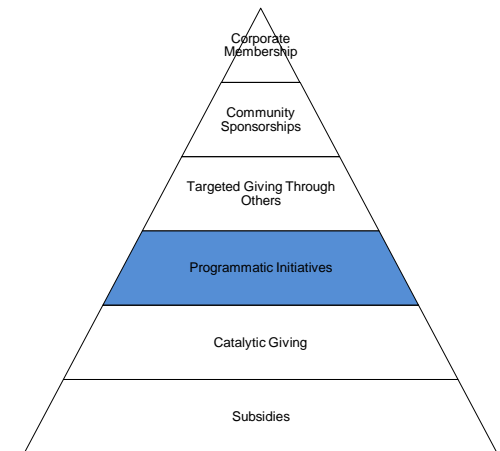
# CareFirst Commitment

GHMSI Programmatic Giving Through 12/31/10		
Organization		Grant Total
American Heart Association (DC)	Recess by the River to include Heart Ball	\$35,000
American Heart Association (DC)	Recess by the River Healthy Behavior Program	\$35,000
Arlington Pediatric Center	Bright Futures Screenings	\$60,000
Boys and Girls Clubs of Greater Washington (DC)	Adopt-A-Club Campaign	\$50,000
The Child and Family Network Centers (CFNC)	Health Supplies for CFNC	\$20,000
City Year Washington, DC	Project HOPE Initiative 2009-2010 School Year	\$50,000
City Year Washington, DC	Project HOPE Initiative 2010-2011 School Year	\$50,000
Columbia Lighthouse for the Blind	Summer Camp Program	\$2,000
Covenant House Washington	Prevention Services Program	\$20,000
CrisisLink	Systematic Suicide Follow Up Program	\$5,000
Dimensions Health System / Prince George's Hospital Center	PGHC Domestic Violence Program	\$45,000
District of Columbia Depart of Health	Health Start Program - Pilot	\$166,465
District of Columbia Depart of Health	Safe Cribs Initiative	\$173,100
Food Research & Action Center, Inc.	Quality Nutrition in DC Public & Charter Schools	\$10,000
Girl Scout Council of the Nation's Capital	Grow Strong Health Education Program	\$75,000
Girl Scout Council of the Nation's Capital	Grow Strong Program - 2009	\$37,500
Greater Washington Urban League	Food Justice for Healthy Living in Ward 8	\$10,000
Hispanic College Fund, Inc.	Youth Scholarships Program	\$45,000
Holy Cross Hospital Foundation	Prenatal Education and Outreach for Teens	\$22,400
INOVA Health System Foundation	Expanding 9-5-2-1-0 for Health Toolkits	\$25,000
Laurel Pregnancy Center	Matching Grant: Sherry Wright CORE Care Clinic	\$396



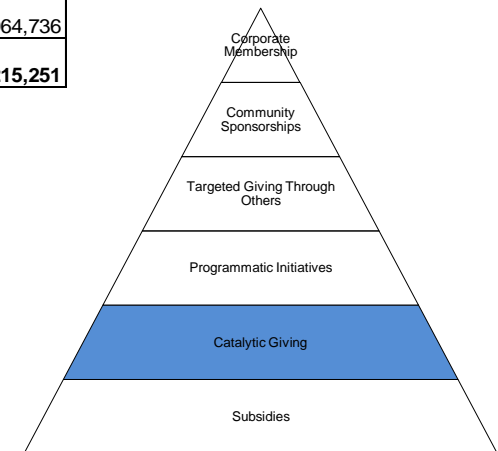
# CareFirst Commitment

GHMSI Programmatic Giving Through 12/31/10		
Organization		Grant Total
Leukemia & Lymphoma Society - NCA	Patient Service Programs	\$20,000
Mautner Project	Removing the Barriers Silver Edition	\$25,000
Planned Parenthood of Metropolitan Washington	Community Education and Outreach Program	\$25,000
Providence Hospital Foundation	Teen Centering Pregnancy and Parenting programs	\$100,000
SCAN of Northern Virginia	Parent and Public Education for Hispanic Immigrant Families	\$20,000
Smithsonian Institution	Museum Academy Program	\$10,000
Sudden Infant Death Services of the Mid-Atlantic	Cribs for Kids Project	\$20,000
Washington Hospital Center Foundation	Listen to Your Heart / NBC4 Health and Fitness Expo	\$95,000
YMCA of Metropolitan Washington	Fit & Well Program Seniors Program	\$675,000
	Total	<b>\$1,926,861</b>



# CareFirst Commitment

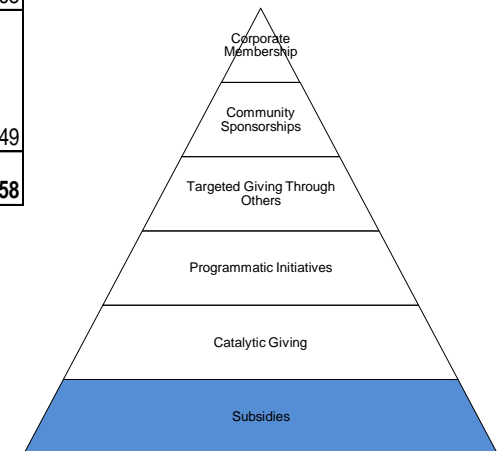
GHMSI Catalytic Giving Through 12/31/10		
Organization		Grant Total
Arlington Free Clinic	EMR Scheduling Module	\$95,000
Catholic Charities Foundation	eClinical Electronic Health Records Implementation	\$300,000
Catholic Charities Foundation	QI Initiative	\$77,515
Community Foundation for the National Capital Region	CareFirst Donor Advised Fund	\$1,000,000
Community of Hope	Electronic Medical Record Implementation	\$100,000
District of Columbia Primary Care Association	Quality Culture Series Project	\$498,000
George Mason University	Project RN II	\$160,000
Hispanic College Fund, Inc.	Scholarship Program	\$60,000
Howard University College of Pharmacy, Nursing and Allied Health Sciences	Adult Training Simulator	\$50,000
Jeanie Schmidt Free Clinic	Shared Medical Appointment Program for Chronically Ill Patients	\$50,000
Marymount University	Project RN II	\$80,000
Mary's Center for Maternal and Child Care	Mary's Center, Judith Hoyer Center, and Child Resource Center Maternal Health Care Collaboration	\$580,000
National Healthy Mothers, Healthy Babies Coalition	Healthy Mothers, Healthy Babies Coalition Text4baby	\$100,000
PCMH	Pilot Initiative	\$1,064,736
	Total	<b>\$4,215,251</b>



# CareFirst Commitment

GHMSI Subsidies Through 12/31/10		
		Subsidy Total
DC Open Enrollment	CareFirst receives a minimal subsidy in the form of a partial exemption from the District's 1.7percent tax on insurance premiums to offset projected financial losses from insuring members in the DC Open Enrollment program, designed specifically for individuals who cannot obtain commercial, medically underwritten coverage because of pre-existing medical conditions.	\$1,720,765
Healthy DC	Expansion of health insurance coverage options for low income residents in DC	\$5,000,000
MD Donut Hole Coverage	Senior Medicare Part D assistance program	\$1,195,230
MHIP Sr. Rx Assistance	Rate relief program for lower income seniors who don't qualify for the federal discount for the poor	\$4,212,525
DHMH Hlth. Res. Comm. Unified Data		\$511,521
DHMH MD Rx Discount	State Health Department's prescription drug discount program for Maryland residents who don't qualify for Medicaid	\$90,268
MD Comm. Health Res. Comm. Oper. Budget	Funded solely by a portion of payments CareFirst makes in lieu of the 2% indemnity premium tax, the Commission awards grants to a variety of organizations that increase access and affordability of health care coverage	\$3,092,649
	<b>Total</b>	<b>\$15,822,958</b>

In lieu of payments and open enrollment results reflect accounting results effective September 2014. Figures provided in earlier reports may have been adjusted based upon subsequent information.



# CareFirst Commitment

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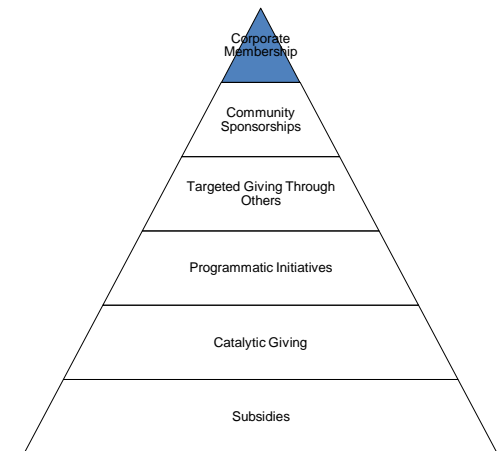
## 2011 YEAR IN REVIEW





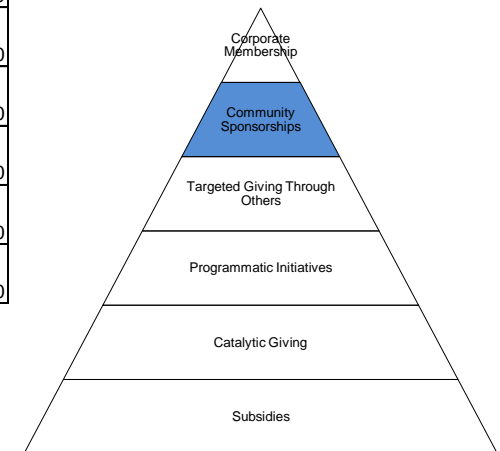
# CareFirst Commitment

GHMSI Corporate Memberships Through December 31, 2011		
Organization	Program	Amount Paid
The Advisory Board Company	2011 Membership	\$45,000
District of Columbia Hospital Association	2011 Membership	\$2,500
Grantmakers in Health	2011 - 2012 Membership	\$5,500
Greater Washington Board of Trade	2011 Membership	\$10,000
Montgomery County Chamber of Commerce	2011 Membership	\$2,900
National Quality Forum	2011 Membership	\$15,750
	<b>TOTAL</b>	<b>\$81,650</b>



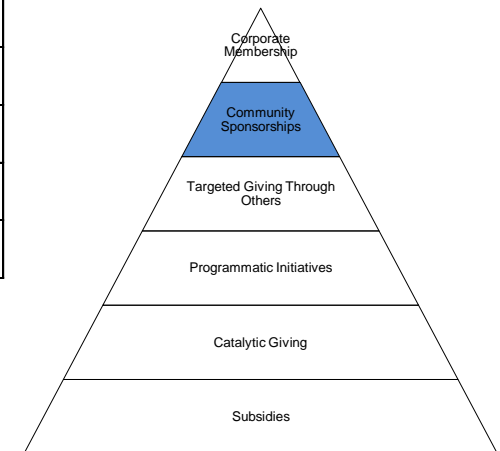
# CareFirst Commitment

GHMSI Corporate Sponsorships Through December 31, 2011		
Organization	Program Name	Amount Paid
Adventist HealthCare	Health Conference	\$2,500
Africare House	2011 Bishop John T. Walker Memorial Dinner	\$2,500
Alexandria Chamber of Commerce	Wellness Fair	\$500
Alexandria Neighborhood Health Services, Inc.	Fiesta Cinco de Mayo	\$2,500
Alternative Paths Training School	Project Discover Fundraiser	\$500
Alvin Ailey Dance Foundation	Opening Night Gala	\$2,000
American Health Assistance Foundation	Charity Golf Tournament	\$2,500
American Heart Association - NCA	Heart Walk	\$12,500
American Red Cross of the National Capital Area	Oscar Night America Benefit Gala	\$5,000
Arlington Free Clinic	Benefit Gala	\$4,000
Arlington Pediatric Center	APC 10th Anniversary Celebration	\$2,000
Arlington Pediatric Center	Bollywood for Babies	\$1,000
The Association of Funding Professionals - DC	National Capital Philanthropy Day Awards	\$2,500
Aunt Hattie's Place, Inc.	Annual Gala	\$5,000
Beethoven Found	Wounded Warrior Fundraiser	\$1,000



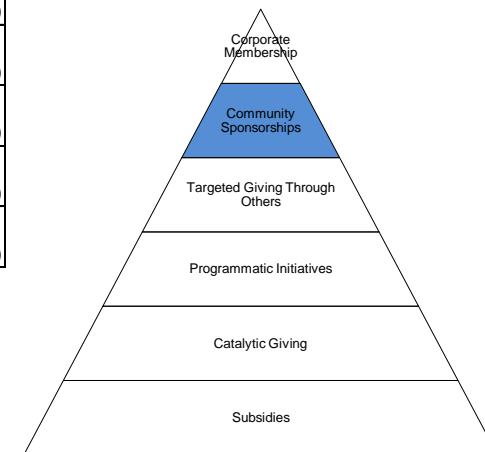
# CareFirst Commitment

GHMSI Corporate Sponsorships Through December 31, 2011		
Organization	Program Name	Amount Paid
Boys and Girls Clubs of Greater Washington (DC)	Health Expo, Family Festival, ICON Event & Tim Russert Dinner	\$25,000
Capitol Hill Cluster School	Capitol Hill Classic Fundraiser	\$500
CASA de Maryland, Inc.	Community Fair	\$2,500
Celebrate Fairfax, Inc.	Celebrate Fairfax! Festival	\$5,000
CentroNia	25th Birthday Bash	\$2,500
Childhelp, Inc.	Capitol CAREaoke Fundraiser	\$2,500
Children's Environmental Health Network	6th Annual Child Health Advocate Award Reception	\$5,000
Children's Hospital Foundation	Heroes Childhood Cancer Gala	\$10,000
Children's Hospital Foundation	Children's Ball Fundraiser	\$1,500
Children's National Medical Center	A Vintage Affair Fundraiser	\$5,000
Columbia Lighthouse for the Blind	Name Engraved Fundraiser	\$1,000
Community Foundation for Prince George's County	Civic Leadership Awards	\$15,000
The Community Foundation for the National Capital Region	Annual Meeting and Dialogue, Putting Race on the Table	\$5,000
The Community Foundation for the National Capital Region	Celebration of Civic Spirit Dinner	\$5,000
Community Health Partnership	Health Festival 2011	\$5,000



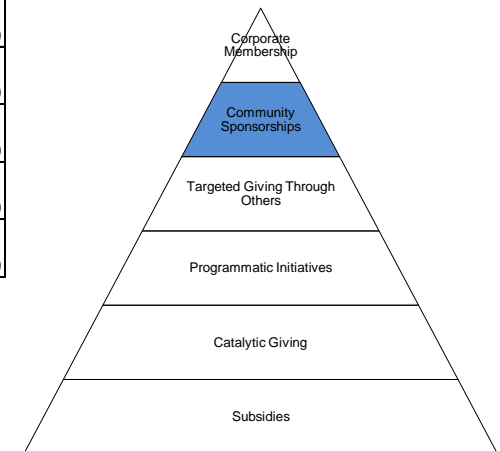
# CareFirst Commitment

GHMSI Corporate Sponsorships Through December 31, 2011		
Organization	Program Name	Amount Paid
Community Services for Autistic Adults & Children (CSAAC)	Honors Gala for Autism	\$3,500
Concerned Black Men, Inc.	Annual Scholarship Awards Fundraiser	\$500
Congressional Black Caucus Foundation	Sojourner Truth Legacy Reception	\$2,500
Congressional Hunger Center	5th Annual Congressional Hunger Center Awards Ceremony	\$1,000
Covenant House Washington	Night of Broadway Stars Fundraiser	\$5,000
Covenant House Washington	Holiday Party	\$5,000
Cultural Tourism, DC	WalkingTown DC and BikingTown DC 2011	\$15,000
DC Action for Children	Luncheon Benefit	\$1,500
DC Campaign to Prevent Teen Pregnancy	Walk and Rally	\$1,000
DC Campaign to Prevent Teen Pregnancy	Annual Fundraiser	\$5,000
DC Central Kitchen, Inc.	Capital Food Fight	\$2,500
DC Chamber of Commerce	Chamber Choice Awards Gala	\$32,500
DC Chamber of Commerce	Chairman Circle Partnership	\$20,000
DC Chamber of Commerce	Policy Forum	\$5,000



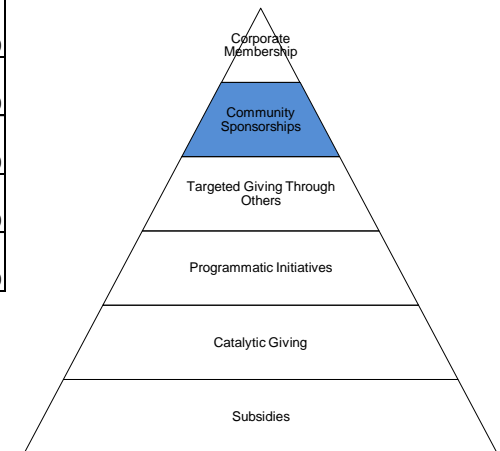
# CareFirst Commitment

GHMSI Corporate Sponsorships Through December 31, 2011		
Organization	Program Name	Amount Paid
DC Chamber of Commerce	Small Business Awards and Expo	\$2,500
DC Chamber of Commerce	DC Chamber Foundation Contribution	\$25,000
DC Children and Youth Investment Trust Corporation	City Title Game Donation	\$5,000
D.C. One City Fund	Vince Gray Inaugural	\$25,000
DC Public Education Fund	Standing Ovation for DC Teachers	\$5,000
DC Rape Crisis Center	'All In to End Rape' Fundraiser	\$1,000
DC Wheel Productions, Inc.	Energizers Creative Arts Camp	\$2,000
Dialogue On Diversity Inc	Holiday Fair	\$2,500
Dimensions Health System / Prince George's Hospital Center	Strata-Ganza Fundraiser	\$5,000
District Alliance for Safe Housing	Allies in Change Awards Luncheon	\$2,500
District of Columbia Cancer Consortium	Palliative Care Conference	\$5,000
District of Columbia College Access Program	Student/Parent Luncheon	\$5,000
District of Columbia College Access Program	A Night of DC-CAPital Stars Gala	\$1,000
District of Columbia Hospital Association	Annual Banquet	\$5,000
District of Columbia Primary Care Association	14th Annual Meeting	\$1,000



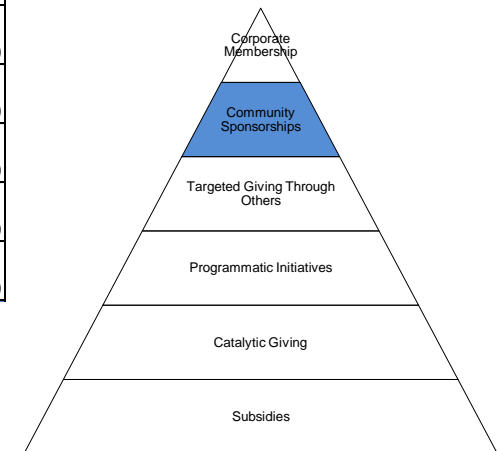
# CareFirst Commitment

GHMSI Corporate Sponsorships Through December 31, 2011		
Organization	Program Name	Amount Paid
Doctors Community Hospital Foundation	Annual Gala	\$3,000
Emmaus Services for the Aging	Aging in Community Awards Luncheon	\$2,000
Everybody Wins! D.C.	Annual Gala Celebration	\$1,000
Everybody Wins! D.C.	Walker Jones Power Lunch Program	\$10,000
Fair Chance	Butterfly Bash	\$2,500
Fairfax Library Foundation	Library Jubilee	\$1,000
Fight for Children, Inc.	2011 Fight Night	\$8,500
Fight for Children, Inc.	School Night Fundraiser	\$700
Florence Crittenton of Greater Washington	123rd Anniversary High Tea	\$1,000
The Foundation of Georgetown University Hospital/Georgetown Jingle	6th Annual Georgetown Jingle	\$2,500
Friends of the Libraries	Executive Ball	\$5,000
Friends of the National Zoo	ZooFari	\$2,000
Friendship Public Charter School	Teacher of the Year Gala	\$1,500
Georgetown University Hospital	Pediatrics Gala	\$5,000
The George Washington University	Annual Luncheon	\$5,000



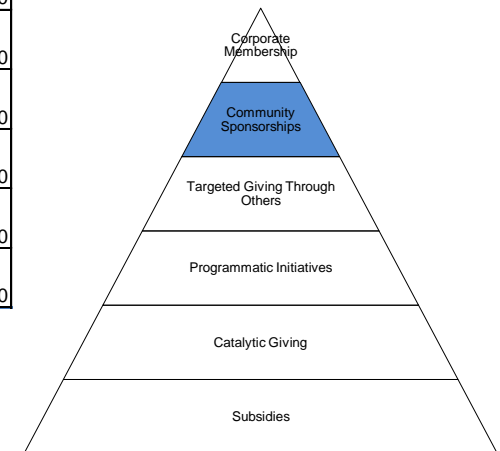
# CareFirst Commitment

GHMSI Corporate Sponsorships Through December 31, 2011		
Organization	Program Name	Amount Paid
Girls Inc. of the Washington, DC Metro Area	Summer Camp Scholarship	\$1,000
Greater DC Cares	IMPACT Summit	\$2,500
Greater DC Cares	National Day of Service & Remembrance	\$1,500
Greater Washington Board of Trade	Mid-Winter Dinner Meeting	\$5,000
Greater Washington Hispanic Chamber of Commerce	Annual Gala	\$5,000
Greater Washington Sports Alliance	Sneaker Ball	\$5,000
Greater Washington Urban League	Decades Annual Fall Fundraiser	\$2,500
The Hope Marietta Foundation	Hope for Hearts Casino Night	\$5,000
Howard University	Charter Day Dinner	\$3,000
INOVA Health System Foundation	Life with Cancer Lobster Extravaganza	\$3,500
INOVA Health System Foundation	Celebration of Excellence Gala	\$1,000
Institute for the Advancement of Multicultural & Minority Medicine	MLK, Jr. Inaugural Health Equity Summit	\$2,000
Iona Senior Services	Art of Caring Luncheon	\$5,000
Iona Senior Services	Benefit Chorus	\$2,500
Jack and Jill of America, Inc. Montgomery County MD Chapter	Hollywood Glamour: An Affair to Remember Fundraiser	\$1,500



# CareFirst Commitment

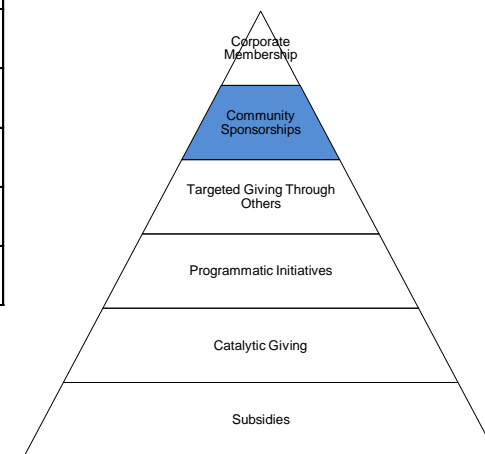
GHMSI Corporate Sponsorships Through December 31, 2011		
Organization	Program Name	Amount Paid
Jamaican Women of Washington, Inc.	9th Annual Tea-Off to Good Health	\$2,500
Jeanie Schmidt Free Clinic	JSFC Sports/School Physicals Day	\$4,000
Jewish Community Center of Greater Washington	Banner Display	\$1,800
John F Kennedy Center for the Performing Arts	Season Opening Ball	\$2,000
John F Kennedy Center for the Performing Arts	Mark Twain Prize for American Humor	\$5,000
Joint Center for Political and Economic Studies	Fundraising Gala	\$4,000
Jones-Haywood Dance School	School Gala	\$1,000
Jubilee Foundation	2011 Jubilee Roast	\$5,000
Junior Achievement of the National Capital Area	Washington Business Hall of Fame Dinner	\$800
Juvenile Diabetes Research Foundation-Capital Chapter	Cirque de Cure Dinner	\$800
Juvenile Diabetes Research Foundation-Capital Chapter	Walk to Cure Diabetes	\$1,000
Kingsbury Center	Spring Auction	\$5,000
Knock Out Abuse	Knock-out Abuse Gala	\$2,000
Laurel Regional Hospital Foundation	One Enchanged Evening Gala	\$2,500
Leadership Arlington	Health and Human Services Day	\$2,500





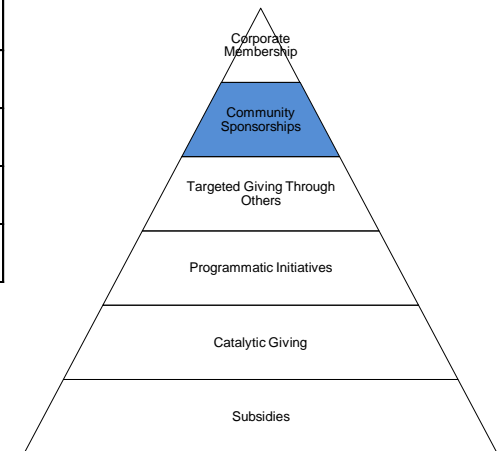
# CareFirst Commitment

GHMSI Corporate Sponsorships Through December 31, 2011		
Organization	Program Name	Amount Paid
Leadership Montgomery Educational Foundation, Inc.	Annual Celebration of Leadership	\$500
Leadership Prince George's	Silver Anniversary	\$5,000
Life Circle Alliances Inc	'Kudos for Community Caregivers' Awards & Breakfast	\$1,000
Life Pieces to Masterpieces	Anniversary Celebration	\$2,500
The Links Foundation, Inc.	Family Caregivers Forum	\$500
The Links Foundation, Inc.	Inaugural Women's Recognition High Tea	\$3,000
Lymphoma Research Foundation	Lymphoma Research Ride	\$2,500
March of Dimes Maryland-National Capital Area (VA)	Signature Chefs of DC Auction/Gala	\$2,000
Mary's Center for Maternal and Child Care	Hispanic Family Day	\$22,000
Mary's Center for Maternal and Child Care	Noche Tropical Gala	\$15,000
Mautner Project	Over the Rainbow Gala and Dance	\$2,500
Medical Society of Northern Virginia	Annual Meeting	\$10,000
Mentoring to Manhood	6th Anniversary Fundraiser	\$500
Mercy Health Clinic	Heart of Mercy Awards Gala	\$3,000
Montgomery County Chamber of Commerce	Small Business Awards Dinner	\$10,000



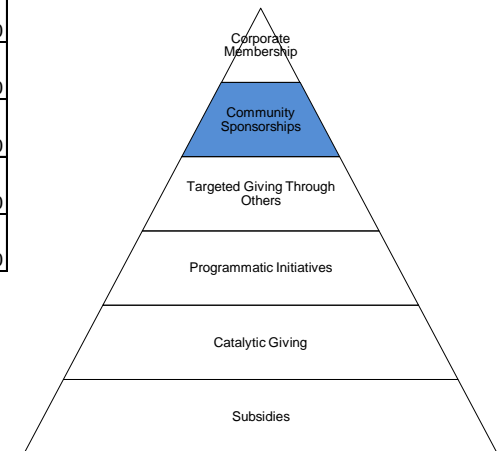
# CareFirst Commitment

GHMSI Corporate Sponsorships Through December 31, 2011		
Organization	Program Name	Amount Paid
Montgomery County Chamber of Commerce	Strategic Partners Program	\$16,500
The Montgomery County Community Foundation	Networking Reception	\$2,500
NAMI Montgomery County	Heroes Celebration	\$1,500
National Association of Social Workers	NASW DC Metro Chapter Conference	\$350
National Bar Institute	Golf Tournament	\$2,500
National Gay & Lesbian Chamber of Commerce	National Dinner	\$5,000
National Geographic Society	Evening of Exploration Gala	\$5,000
The NEA Foundation	Salute to Excellence in Education Gala	\$2,500
Neediest Kids	Decadent Delights	\$5,000
Northern Virginia AIDS Ministry	Red Ribbon Gala	\$2,500
Northern Virginia Family Service	The Road to Independence Gala	\$3,500
Northern Virginia Urban League	Scholarship Fundraiser	\$2,750
Oyster School Community Council, Inc.	Oyster's Vamos 5k Run	\$1,000
Perry Center, Inc.	Team Up Event	\$1,000
PHI Community Foundation	Golf Classic	\$2,000



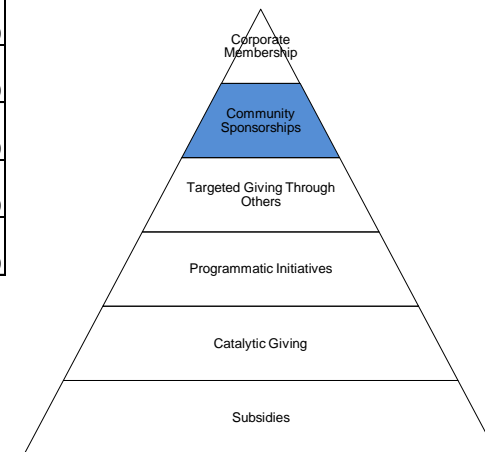
# CareFirst Commitment

GHMSI Corporate Sponsorships Through December 31, 2011		
Organization	Program Name	Amount Paid
Planned Parenthood of Metropolitan Washington	Champions of Choice Awards Luncheon	\$5,000
Planned Parenthood of Metropolitan Washington	Telemundo Fiesta de las Madres	\$1,500
Prevention of Blindness Society of the Metropolitan Area	Night of Vision Fundraiser	\$2,500
Prince George's County Public Schools	Golfing for Education	\$1,500
Prince George's County Public Schools	Reception to Honor PGCPs Principals	\$2,500
Prince George's County Public Schools	New Hire Reception	\$2,000
Providence Hospital Foundation	Golf Charity Classic	\$1,000
Providence Hospital Foundation	150th Anniversary Gala	\$5,000
Quality Trust for Individuals with Disabilities, Inc.	Anniversary Dinner Cruise	\$1,350
Redeemer's Community Development Group, Corporation	Biazo Community Conference	\$500
Ron Brown Scholar Fund	2nd Annual Gala	\$2,500
Rosemount Center	Golf Tournament	\$1,500
Running Start	Women to Watch Awards	\$5,000
SCAN of Northern Virginia	Allies in Prevention Awards Luncheon	\$1,000
SEEC	The Insurance Exchange Golf Classic	\$1,500



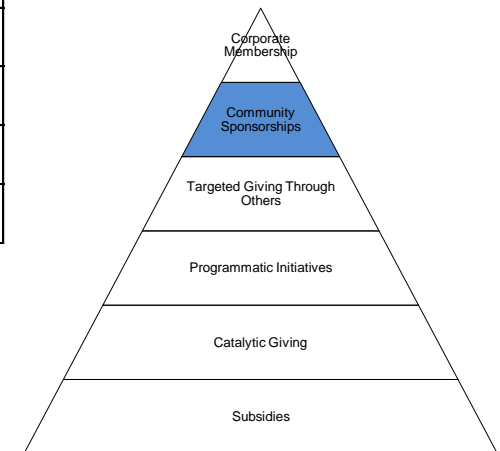
# CareFirst Commitment

GHMSI Corporate Sponsorships Through December 31, 2011		
Organization	Program Name	Amount Paid
Shirley's Angel Foundation	1st Annual Gala & Silent Auction	\$500
Sibley Memorial Hospital	Hope & Progress Gala	\$10,000
Skinner Leadership Institute, Inc.	Masters Series for Distinguished Leaders Program	\$10,000
Smithsonian Anacostia Community Museum	Anniversary Luncheon	\$5,000
Spanish Catholic Center	Fundraising Gala	\$5,000
Special Olympics (DC)	Summer Games	\$5,000
Special Olympics (DC)	Night of Trees Auction Gala	\$5,000
Summit Health Institute Research and Education, Inc.	Building Community Engagement in Underserved Neighborhoods/The Path to Health Empowerment	\$10,000
Temple Beth Ami	Senior Health Fair	\$1,000
Thurgood Marshall Academy	Shining Star Gala	\$2,500
Tigerlily Foundation	EmPower Ball	\$5,000
United States Association of Former Members of Congress	Statesmanship Dinner	\$5,600
University of the District of Columbia (UDC)	160th Anniversary Kickoff Gala	\$5,000
Us Helping Us, Inc.	Awards Reception	\$550
Vida Senior Centers	Anniversary Celebration	\$1,500



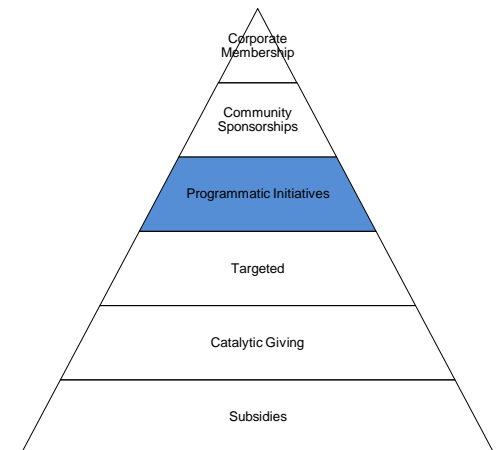
# CareFirst Commitment

GHMSI Corporate Sponsorships Through December 31, 2011		
Organization	Program Name	Amount Paid
Virginia Hospital Center Foundation	Christopher Carter Memorial Twilight 5K Run	\$1,000
Washington Area Consortium On HIV Infection In Youth	Annual Auction Fundraiser	\$2,500
Washington Bar Association Legal Fund Inc	Mabel Haden Red Dress Awards Tea	\$2,500
Washington D.C. Hall of Fame Society	Legacy Awards & Scholarship Gala	\$2,500
Washington DC Police Foundation	Law Enforcement Awards Ceremony	\$1,000
Washington Hospital Center Foundation	Passport to Health 'The Complete Book of Food Counts'	\$1,600
Washington Regional Association of Grantmakers	Annual Meeting	\$10,000
Washington Tennis & Education Foundation	Tennis Fundraising Ball	\$3,000
The Women's Center	Leadership Conference	\$1,000
The Women's Center	Power of Women Conference	\$1,000
World Wide Community Inc	Childhood Obesity Awareness Health Fair	\$500
Young Latinos Leadership Council Inc	Hispanic Women and Girls Health Summit	\$1,000
Youth for Tomorrow	Ninth Annual Sweetheart Ball	\$1,750
	<b>TOTAL</b>	<b>\$734,550</b>



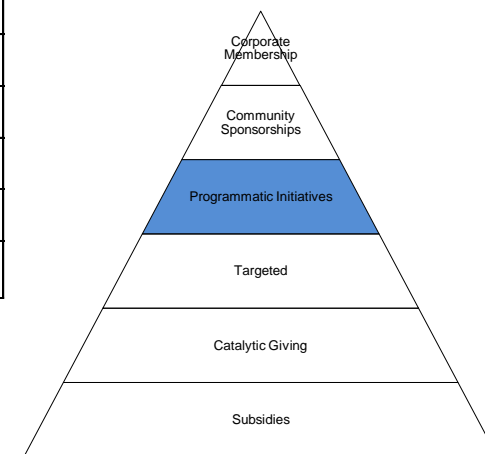
# CareFirst Commitment

GHMSI Programmatic Giving Through December 31, 2011		
Organization	Program Name	Amount Paid
American Heart Association - NCA	Recess by the River	\$35,000
Boys and Girls Clubs of Greater Washington (DC)	Adoption of Clubhouse #14/125 Anniversary Programming	\$75,000
City Year Washington, DC	Project HOPE Initiative	\$50,000
City Year Washington, DC	Whole School, Whole Child Program and Wellness Initiatives	\$50,000
Covenant House Washington	Prevention Services Program	\$20,000
Cystic Fibrosis Foundation-DC Chapter	Matching Grant: Brewer's Ball	\$25
Eduseed	Sistermentor Breakfast Fundraiser	\$500
Family Health and Birth Center, Inc	RFP: Fostering Healthy People in DC's Vulnerable Neighborhoods: Breastfeeding Program	\$181,838
Frederick B. Abramson	Scholarship Foundation	\$25,000
Friends of Fort Dupont Ice Arena Inc	Kids on Ice Program	\$5,000
Girl Scout Council of the Nation's Capital	Grow Strong Health Education Program Expansion & Girl Scouts' 100th Anniversary Celebration	\$62,500
District of Columbia Department of Health	RFP: DC Case Management Program	\$173,000
Leadership Prince George's	Matching Grant: Health Day	\$375



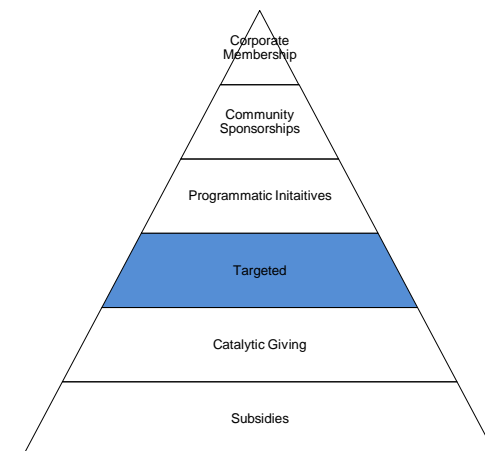
# CareFirst Commitment

GHMSI Programmatic Giving Through December 31, 2011		
Organization	Program Name	Amount Paid
Lisner-Louise-Dickson-Hurt Home	Medical Care	\$5,000
Make-A-Wish Foundation of the Mid-Atlantic	Matching Grant: Kids Triathlon	\$220
Neediest Kids	Bridges to Success Eye Exam Program	\$5,000
Northern Virginia Dental Clinic, Inc.	Dental Program	\$80,000
Ron Brown Scholar Fund	CareFirst Scholar	\$25,000
Samaritan Inns	Intensive Recovery Program Support	\$5,000
SCAN of Northern Virginia	Preparing for Parenting: Educating Teen Parents in Northern Virginia	\$24,922
Smithsonian Anacostia Community Museum	Museum Academy	\$10,000
The Training Source Inc	General Donation Grant	\$500
Urban Alliance	Intern Funding	\$20,000
Washington Area Consortium On HIV Infection In Youth	Charter School Capacity to Address Adolescent Reproductive Health	\$150,000
Washington Hospital Center Foundation	Listen to Your Heart: Women at Risk/NBC4 Health Program	\$95,000
Washington AIDS Partnership	AmeriCorps Program	\$95,920
Hope Connection for Cancer Support	General Program Support	\$5,000
YMCA of Metropolitan Washington	Childhood Obesity PHD Program	\$166,667
YMCA of Metropolitan Washington	Fit & Well Seniors Program	\$250,000
	<b>TOTAL</b>	<b>\$1,616,467</b>



# CareFirst Commitment

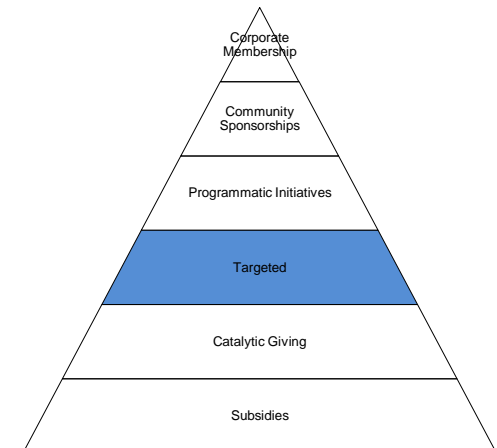
GHMSI Targeted Giving Through December 31, 2011		
Organization	Program Name	Amount Paid
American Red Cross of the National Capital Area	Japan Relief Fundraiser	\$35,872
Bread for the City	Dental Clinic Project	\$130,192
Capital Breast Care Center	Breast Cancer Screening & Patient Navigation	\$100,000
Child Center and Adult Services, Inc	RFP: Healthy Mothers, Healthy Babies: Early Intervention for Women with Perinatal Depression	\$43,333
Columbia Lighthouse for the Blind	Eye Wellness Mobile Unit	\$25,000
Community Ministries of Rockville, Inc.	Mansfield Kaseman Health Clinic	\$20,000
Feed the Homeless	Employment Orientation and Thanksgiving Meals Program	\$5,000
Food & Friends	Expanding Groceries To Go Program Serving the Critically Ill	\$150,000
Food for Others, Inc.	Emergency Food Program	\$5,000
Georgetown University Hospital	KIDS Mobile Medical Clinic	\$75,000
Inova Health System	Inova Health System Congregational Health Partnership	\$113,409
INOVA Juniper Program	Arlington Virginia HIV/AIDS Clinic	\$125,000
Jeanie Schmidt Free Clinic	Integrated Behavioral and Primary Health Care Program	\$62,780
Mary's Center for Maternal and Child Care	RFP: Mary's Center, Judith Hoyer Center, and Child Resource Center Maternal Health Care Collaboration in Prince George's County	\$237,514





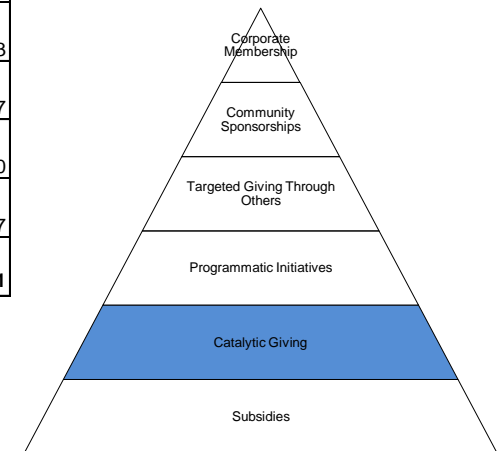
# CareFirst Commitment

GHMSI Targeted Giving Through December 31, 2011		
Organization	Program Name	Amount Paid
Mary's Center for Maternal and Child Care	RFP: Mary's Center, Judith Hoyer Center, and Child Resource Center Maternal Health Care Collaboration in Prince George's County	\$391,435
Mary's Center for Maternal and Child Care	RFP: Mary's Center, Judith Hoyer Center, and Child Resource Center Maternal Health Care Collaboration in Prince George's County	\$378,252
N Street Village	Expanded Access to Health Services for Homeless & Low-Income Women	\$20,000
Northern Virginia AIDS Ministry	Health Education and Risk Reduction Training Services (HEARTS)	\$10,000
NOVA Scripts Central	Pharmacist InSite: Bringing Clinical Pharmacy Services to High-Risk Uninsured Patients	\$68,000
Primary Care Coalition of Montgomery County	Montgomery Cares Safety-Net Services	\$50,000
Sudden Infant Death Services of the Mid-Atlantic	Cribs for Kids	\$20,000
St. Ann's Infant and Maternity Home	Teen Mother-Baby Program: Maternal and Child Health Care for At-Risk Adolescents	\$20,000
United Way of Central Carolinas	2011 Campaign Corporate Match	\$1,686
United Way of Central West Virginia	2011 Campaign Corporate Match	\$9,223
United Way of the National Capital Area	2011 Campaign Corporate Match	\$69,297
Unity Health Care	Health Care Quality Improvement	\$125,000
Whitman-Walker Clinic	Gay Men's Health & Wellness/Sexually Transmitted Disease Clinic Testing and Treatment Program	\$75,000
The Women's Center	Minimal-Fee Mental Health Counseling Program	\$25,000
<b>TOTAL</b>		<b>\$2,390,993</b>



# CareFirst Commitment

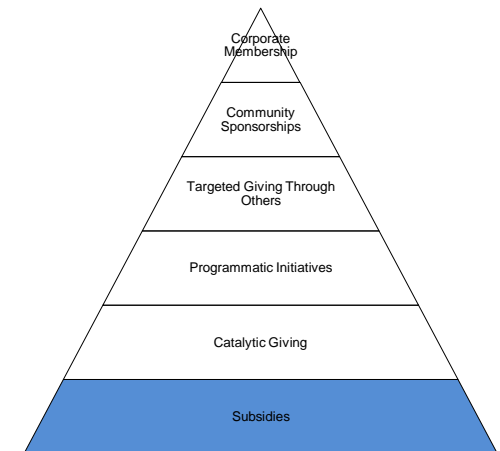
GHMSI Catalytic Giving Through December 31, 2011		
Organization	Program Name	Amount Paid
Arlington Free Clinic	2011 RFP: Enhancing Medical Care with a Safety Net Primary Care Medical Home	\$125,000
Bowie State University	Project RN II	\$80,000
Catholic University	Project RN II	\$80,000
Community Clinic Inc	2011 RFP: FQHC's as Community Hubs of Care Management	\$528,507
Georgetown School of Nursing and Health Studies	Project RN II	\$80,000
Howard University College of Pharmacy, Nursing and Allied Health Sciences	Project RN II	\$80,000
Mary's Center for Maternal and Child Care	2011 RFP: Mary's Center's Patient Centered Medical Home Chronic Care Initiative (PCMH-CCI)	\$199,444
Maryland Hospital Association (MHEI)	Who Will Care?	\$150,000
PCMH Evaluation	Strategic Advisory Group	\$17,315
Primary Care Coalition of Montgomery County	2011 RFP: Montgomery Cares Patient Centered Medical Homes Collaborative Pilot	\$199,838
Spanish Catholic Center	2011 RFP: Focusing On Our Team Based Approach to Living a Healthier Life	\$98,203
Towson University	Check reissue-Project RN	\$19,077
The Community Foundation for the National Capital Region	CareFirst Donor Advised Fund	\$500,000
Unity Health Care	2011 RFP: Patient Centered Medical Home Enhancement	\$356,947
	<b>TOTAL</b>	<b>\$2,514,331</b>



# CareFirst Commitment

GHMSI Subsidies Through December 31, 2011		
Organization	Program Name	Amount Paid
DC/VA Open Enrollment	Enrollment program for individuals who cannot obtain commercial, medically underwritten coverage because of pre-existing medical conditions	\$4,622,781
Healthy DC	Expansion of health insurance coverage options for low income residents in DC	\$5,000,000
MD Donut Hole Coverage	Senior Medicare Part D Assistance Program	\$1,164,325
MHIP Sr. Rx Assistance	Rate Relief Program for lower income seniors who don't qualify for the Federal discount	\$4,075,139
MD Comm. Health Res. Comm. Operating Budget	Funded solely by a portion of payments CareFirst makes in lieu of the 2% indemnity premium tax. The Commission awards grants to a variety of organizations that increase access and affordability of health care coverage.	\$3,495,853
	<b>TOTAL</b>	<b>\$18,358,098</b>

In lieu of payments and open enrollment results reflect accounting results effective September 2014. Figures provided in earlier reports may have been adjusted based upon subsequent information.



**Attachment F**  
**to**  
**GHMSI's Responses to DISB's Third Scheduling Order**

Policy of CareFirst BlueCross BlueShield Regarding Community Giving  
in the Context of its Role as a Not-For-Profit Health Plan

# **Policy on Community Giving in the Context of Role as a Not-for-Profit Health Plan**

# Policy of CareFirst BlueCross BlueShield Regarding

## Community Giving in the Context of its Role as a Not-for-Profit Health Plan

CareFirst BlueCross BlueShield's core mission and purpose is to serve its policyholders. In fulfilling this mission, CareFirst seeks to offer the lowest possible rates for its subscribers while providing the best overall value in health care benefits, provider access and customer service. To achieve this standard, CareFirst must continually invest in system improvements to support the complex requirements of its many products and services.

Central to this purpose is maintaining financial strength sufficient to meet future claims obligations. To this end, the Company maintains capital reserves for the benefit of its policyholders. After these two purposes are met, CareFirst seeks to serve the broader communities in its service area by facilitating, supporting and funding a range of health-related initiatives.

Consistent with its not-for-profit charter and enabling legislation, CareFirst has no shareholders, incurs no debt and operates only within its defined service area of Maryland, the District of Columbia and Northern Virginia. Earnings on its capital reserves are used to stabilize and moderate premiums for CareFirst's policyholders.

### Long-Range Strategic Plan

In fulfilling the purpose and goals of CareFirst's enabling statutes and charters, the CareFirst Board has approved a long-range strategic plan (LRSP) implemented in annual plans in the context of rolling, three-year increments. Among other things, the LRSP creates the framework for the interplay between premiums and fees charged, the amounts held in reserve for the protection of policyholders, and the amounts allocated for giving to the wider community. Management uses this framework as a guide in executing the Company's operating plan on a year-to-year basis. All rate requests and financial filings to regulators are developed in the context of the LRSP and this Policy.

### Key Elements of CareFirst Policy on Premiums, Reserves and Community Giving

1. **Setting Reserve Levels:** CareFirst seeks to maintain capital reserves within a target range over a continually rolling three-year period that are prudent, reasonable and appropriate given the risks to which the Company is exposed.
  - a. "Prudent" means a range recommended by external professional actuaries that is expressed as a percentage of Risk Based Capital (RBC) in accordance with guidelines established by the National Association of Insurance Commissioners (NAIC) and standard actuarial practice. The Board of Directors adopts this range as its target "optimal" range. Separate optimal ranges are established for the consolidated CareFirst, Inc., and for its two operating affiliates, GHMSI and CFMI.
  - b. The Company commissions external reviews at least every three years. Reports of the external actuarial adviser(s) are provided to regulators in each jurisdiction in which the Company operates. For these reviews, the Company seeks the services of an external third party that is nationally recognized as a leader in the actuarial field. The Company also may seek from time to time a second review from a nationally qualified firm to further validate the "optimal" RBC ranges.

- c. The Company seeks to meet all applicable minimum requirements for reserves as established by the NAIC and the Blue Cross and Blue Shield Association, as well as any applicable state or local regulatory requirements. CareFirst avoids accumulating reserve levels above the optimal range which are viewed, by definition, to be inconsistent with CareFirst's mission.
- d. In turn, this optimal reserves range guides development of annual operating plans and budgets. While some fluctuation in year-to-year performance can be anticipated, every effort is made to moderate premium levels in order to avoid sharp changes, particularly increases.
- e. As a further attempt to validate its reserve position, the Company also continually assesses its performance and reserve ranges relative to other not-for-profit Blue Cross and Blue Shield Plans and monitors its performance relative to the ratings of external rating organizations such as Standard and Poor's.

**2. Rate Setting:** CareFirst continually analyzes emerging claims experience and updates forecasts of underwriting results at least quarterly. As a matter of Board policy:

- a. The Company seeks to set premiums at the lowest possible level of underwriting gain consistent with maintaining reserves within the optimal target range.
- b. All investment income on reserves is applied toward meeting future reserve requirements, thereby further moderating any pressure on underwriting gains.

**3. Adjusting Premiums when Results Fall Outside Optimal Reserve Range:** Since changes in medical trends and operating expenses occur constantly, the Company continually monitors its results and makes adjustments as needed.

- a. Should reserve levels be projected to fall below the minimum of the target range during any three-year planning cycle, the Company will initiate steps to increase its targeted underwriting gain sufficient to restore reserves to the optimal range.
- b. If reserves are projected to exceed the high end of the target range in a three-year planning cycle, CareFirst will initiate rate actions (typically holding rates steady for longer periods or selectively reducing rates on certain products) designed to bring reserves back within target range. Thus, the Company always strives to achieve levels of reserves that are sufficient without being excessive (e.g., within the optimal range).

**4. Community Giving:** Within the context above, CareFirst seeks to serve the larger community through carefully targeted giving to worthy, primarily health-related community projects and initiatives.

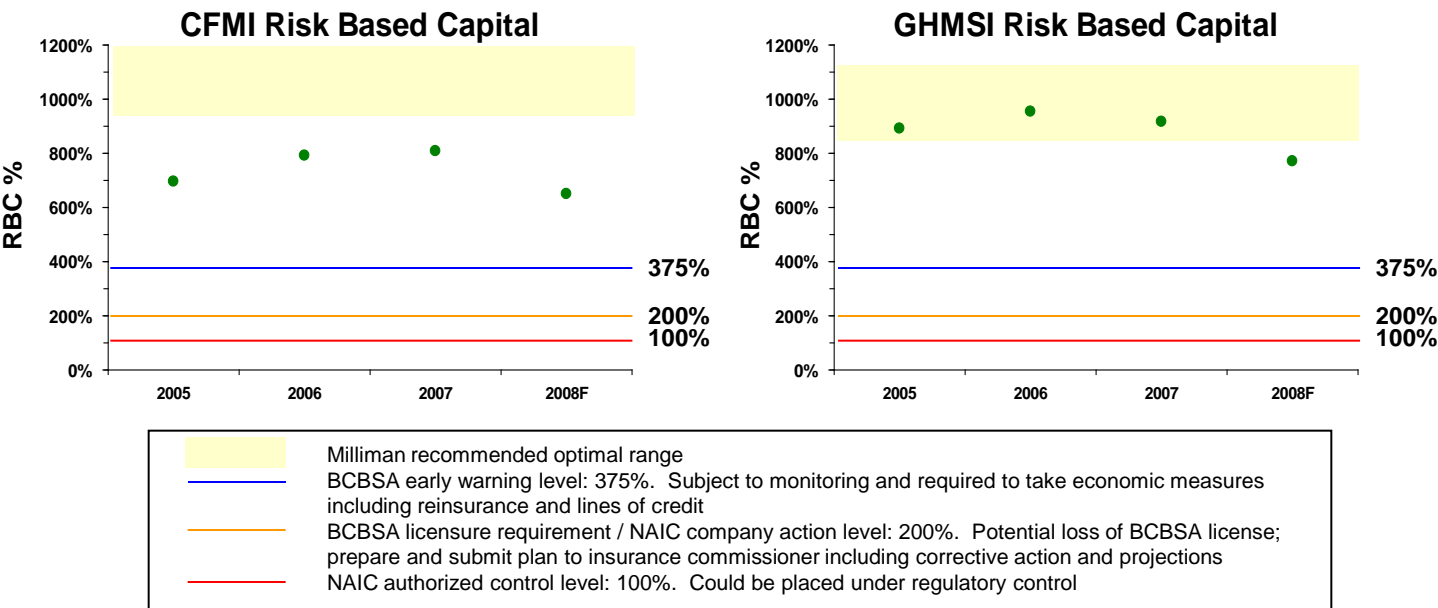
- a. In Maryland, CareFirst contributes an amount equivalent to at least 2 percent of its indemnity premium revenues to health-related initiatives that benefit the community. In effect, through these contributions CareFirst "earns" its exemption from the state's 2 percent premium tax levied on commercial insurers. As financial performance permits, the Company's contributions often exceed the 2 percent standard.
- b. A similar legislative framework does not currently exist in the District of Columbia. Instead, CareFirst pays a premium tax (at 2 percent, beginning in 2009) on commercial indemnity business to the District, most of which is directed into the District's General Fund. The Company also contributes to worthy health-related projects above this 2 percent tax rate. CareFirst favors extending Maryland's premium tax equivalence approach to the District.

**5. Community Giving Focus:** CareFirst employs an evaluative framework to guide its community giving that is focused on certain priorities:

- a. The most intense focus of giving is to expand access to health care coverage by subsidizing health coverage for many of the region's most vulnerable people.
- b. CareFirst also seeks to act as a catalyst in developing systemic improvements in health care delivery in ways that benefit the entire community.
- c. A third area of giving is in targeted programmatic initiatives undertaken by qualified non-profit community organizations that focus on opportunities to address specific health issues, such as reducing childhood obesity and reducing cardiovascular risks in older men.
- d. The entire process is overseen by a special Board committee called the Mission Oversight Committee, which monitors the Company's corporate giving activities. Giving by geography/government jurisdiction generally is proportionate to the insured membership within each jurisdiction.

**CareFirst's Performance Under Policy Framework**

**1. Setting Reserve Levels:** The CareFirst and affiliate Boards, which underwent an almost total turnover in 2003 and 2004, engaged Milliman USA, an internationally respected actuarial consultant, in 2005 to analyze CareFirst's consolidated and affiliate reserve levels and to advise the Boards on appropriate levels of reserves. CareFirst engaged Milliman again in 2008 to update this analysis. Based on their relative risks, Milliman determined that optimal reserve levels for **CFMI should be in the range of 900% to 1200% RBC** and for **GHMSI should be in the range of 750% to 1050% RBC**. Milliman deemed these levels "reasonable and appropriate." While GHMSI historically has operated within that targeted RBC range, it is projected to fall below this range in 2008. CFMI's RBC historically has been below the optimal level recommended by Milliman (see below) and is projected to continue to be below this range for 2008. CareFirst's consolidated RBC was 869 percent at year-end 2007, which is within 5 percent of the weighted average RBC of not-for-profit Blues Plans generally.





- a. Milliman said its recommended RBC ranges “should be wide enough to allow for a reasonable degree of fluctuation in operating results year-to-year, under normal operating circumstances, over a multi-year horizon.” Basing its analysis on certain assumptions, at a high level of confidence, Milliman set as minimal goals reserve levels that 1) avoided the BCBSA Early Warning Monitoring threshold; 2) avoided the BCBSA Loss of Trademark threshold; and 3) provided equity capital for development and upgrading CareFirst’s infrastructure and systems.
- b. It concluded that accumulating reserves in excess of the optimal range “by definition...would not add to the well being of the company.” In such circumstances, Milliman recommended “taking actions to ease surplus growth as it nears the upper end of the target range.” The 2005 Milliman Reports on CFMI and GHMSI were shared with regulators in MD and DC as well as with selected legislators.
- c. Using another benchmark, one respected actuarial consultant, The Lewin Group, suggests a reserve standard in the range of 15 percent to 25 percent of annual premium revenue to protect against undue risks. CareFirst’s \$1.27 billion in reserves equal about 20 percent of revenues.
- d. Besides the Milliman analyses, CareFirst also relies on the annual review and rating of the Company’s performance by Standard & Poor’s as another monitoring measure of financial viability. In its most recent review, S&P rated the National Capital Area affiliate “A-/Stable”, a notch better than the Maryland affiliate’s “BBB+/Positive”.
- e. In a June 2008 Report in which S&P rated 10 large not-for-profit and mutual Blues Plans, it said the capital positions of the Plans was “Strong” but needed to be strong given the marketplace challenges they face and their lack of access to the equity markets for investment capital. Eight of the 10 Plans had ratings better than either of CareFirst’s operating affiliates.
- f. S&P noted, however, that these plans lacked national scale and business line diversification and are on the defensive competitively against for-profit carriers who increased their enrollment 7.2% versus the 1.4% membership growth reported by the Blues Plans. By comparison, CareFirst’s consolidated “BBB-/Stable” rating ranked below these Plans by S&P. (S&P typically rates holding companies lower than their operating units.)

2. **Members and Revenues** – Revenue and membership generated by the business underwritten in the District of Columbia (excluding FEP) approximates 10 percent of CareFirst, Inc.’s total revenue and membership.
3. **Community Giving:** In fulfilling its not-for-profit mission, the Company has dramatically enhanced efforts to increase access and affordability, improve quality and safety, and reduce disparities in health care. From 2005 through 2008 (projected), CareFirst will have provided nearly \$131 million in community giving, medical initiatives and subsidies under its CareFirst Commitment initiative (see chart, below). In 2007, CareFirst contributed \$34.3 million to benefit the community, which exceeded the 2 percent payment in lieu of Maryland’s premium tax by more than \$8 million.

# 2008 Community Benefit Giving

