

**IN RE:** )  
 )  
**APPLICATION OF ASSOCIATED** )  
**HOSPITAL SERVICE OF MAINE D/B/A** )  
**BLUE CROSS AND BLUE SHIELD OF** )  
**MAINE TO CONVERT TO A STOCK** )  
**INSURER AND VOLUNTARILY** )  
**LIQUIDATE AND DISSOLVE** )  
 )  
**AND** )  
 )  
**IN RE:** )  
**APPLICATION OF ANTHEM HEALTH** )  
**PLANS OF MAINE, INC. TO** )  
**ACQUIRE THE ASSETS OF** )  
**ASSOCIATED HOSPITAL SERVICE** )  
**OF MAINE D/B/A BLUE CROSS AND** )  
**BLUE SHIELD OF MAINE AND** )  
**RELATED TRANSACTIONS** )  
 )  
**DOCKET NO. INS-99-14** )  
**(CONSOLIDATED)** )

**AMENDMENT**  
**TO**  
**DECISION AND ORDER**

I. INTRODUCTION

Eric A. Cioppa, Superintendent of Insurance, issues this Amendment to the Decision and Order in this proceeding. This proceeding involves a series of related transactions between Associated Hospital Service of Maine, doing business as Blue Cross and Blue Shield of Maine (“BCBSME”) and Anthem Insurance Companies, Inc. (“AICI”). The transactions included BCBSME’s applications to convert to a for-profit stock insurer and to voluntarily dissolve; and AICI’s and Anthem Health Plans of Maine’s (“AHPM”) applications to acquire the assets and liabilities of the converted BCBSME through a bulk reinsurance agreement, to acquire control of BCBSME’s subsidiaries and affiliates, and to be granted a certificate of authority as a health insurer with a health maintenance organization line of business. Then-Superintendent Alessandro Iuppa approved these applications, all as set out in greater detail in a May 25, 2000 Decision and Order (“Decision”).

The Decision included a condition concerning insolvency, as follows:

11. AHPM must file an insolvency plan with the Superintendent that satisfies the requirements of 24-A M.R.S.A. § 4204(7)(A–D) within 60 days of the closing for approval by the Superintendent. At a minimum, the plan must include insurance adequate to cover at least 60 days worth of managed care claims payments. Further, it must state, specifically, that AHPM shall continue benefits for covered persons who are confined in an inpatient facility on the date of insolvency, should an insolvency occur, in accordance with 24-A M.R.S.A. § 4204(7).

In compliance with this condition, AHPM and AICI entered into and filed with the Bureau an Insolvency Reinsurance Agreement dated July 1, 2000, obligating AICI to reinsure certain inpatient hospital services and health plan benefit obligations of AHPM should it become insolvent. These parties also entered into and filed with the Bureau a Quota Share Reinsurance Agreement dated July 1, 2000, in which AHPM ceded to AICI liabilities under group health and health maintenance organization (“HMO”) contracts. Effective December 27, 2006, AHPM and AICI amended the Insolvency Reinsurance and Quota Share Reinsurance Agreements.

AHPM has asked the Superintendent for approval to terminate the Insolvency Reinsurance Agreement. AHPM has also given notice to the Superintendent that it intends to terminate the Quota Share Reinsurance Agreement.

## II. DISCUSSION

AHPM asserts that there has been a substantial change in circumstances since the time the Decision was issued, making the Insolvency Reinsurance Agreement unnecessary. I agree.

In 2000, it was essential that AHPM’s HMO subscribers have a robust contractual backstop against the risk of insolvency, because those subscribers would receive no protection from the Maine Life and Health Insurance Guaranty Association (“MLHIGA”). However, the law was changed in 2018, to make HMOs members of MLHIGA.<sup>1</sup> Now, should AHPM become insolvent, its HMO subscribers will have the same guaranty association protection as AHPM’s other subscribers. In addition, AHPM notes that other arrangements are in place to protect subscribers. Anthem, Inc., AHPM’s parent company, has guaranteed AHPM’s contractual and financial obligations under a Financial Guarantee Agreement. Anthem, Inc. also has signed a Conversion/Service Agreement with AHPM, in which Anthem, Inc. will cause one of its controlled affiliates to offer Blue Cross and Blue Shield coverage to AHPM’s subscribers should it cease operations. Finally, AHPM is no longer a start-up venture taking over the operations of a company in precarious financial condition. AHPM points to its eighteen-year history of successful operations and the high risk-based capital level it now maintains.

I find that because of these developments, the Insolvency Reinsurance Agreement is no longer an essential component of AHPM’s insolvency plan.

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<sup>1</sup> 24-A M.R.S. §§ 4603(1) & 4605-A(12), as amended by PL 2017, ch. 382.

III. ORDER

The Superintendent hereby orders that the May 25, 2000 Decision be, and hereby is, amended to revise Condition 11 so as to permit AHPM to terminate the Insolvency Reinsurance Agreement. As amended, Condition 11 shall read as follows:

11. AHPM must maintain an insolvency plan, satisfactory to the Superintendent, that satisfies the requirements of 24-A M.R.S.A. § 4204(7)(A–D). The plan must state, specifically, that AHPM shall continue benefits for covered persons who are confined in an inpatient facility on the date of insolvency, should an insolvency occur, in accordance with 24-A M.R.S.A. § 4204(7).

IV. NOTICE OF HEARING RIGHTS

This Order is an agency action of the Superintendent of Insurance taken without a hearing pursuant to 5 M.R.S. § 9053(1). It is not directly appealable to Superior Court. Within (30) days after receiving notice of this Order, any aggrieved person whose interests are directly and substantially affected by this Order may request an adjudicatory hearing before the Superintendent in the manner provided in 24-A M.R.S. § 229(3). A request for hearing does not trigger an automatic stay; an application for stay may be made in the manner provided in 5 M.R.S. § 11004. If no timely request for hearing is filed, this Order will become final upon expiration of the thirty-day period, with no rights of appeal for judicial review. See 24-A M.R.S. § 236.

PER ORDER OF THE SUPERINTENDENT OF INSURANCE

October 31, 2018



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Eric A. Cioppa  
Superintendent