

**BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF DELAWARE**

|                                       |   |                         |
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| <b>In the matter of:</b>              | : |                         |
| <b>Proposed Affiliation of</b>        | : |                         |
| <b>BCBSD, Inc. Doing Business As</b>  | : | <b>Docket No. 99-09</b> |
| <b>Blue Cross and Blue Shield Of</b>  | : |                         |
| <b>Delaware, With CareFirst, Inc.</b> | : |                         |

**FINAL ORDER AND DECISION**

WHEREAS, on December 23, 1998, CareFirst, Inc., a not-for-profit Maryland corporation (hereafter "CareFirst") and BCBSD, Inc., doing business as Blue Cross and Blue Shield of Delaware, a Delaware non-profit health services corporation (hereafter "BCBSD"), entered upon a Business Affiliation Agreement, and thereafter sought review and approval of their plan of affiliation by the Delaware Department of Insurance, pursuant to Chapters 3, 50 and 63 of the Title 18, Delaware Code; and

WHEREAS, on June 18, 1999, I appointed retired judge Battle R. Robinson as Hearing Officer herein, pursuant to 29 Del. C., § 10125; and

WHEREAS, on July 7, 1999, the Attorney General's unopposed application for party status was granted by the Hearing Officer; and

WHEREAS, in accordance with 29 Del. C., Chapter 101 et seq. and 18 Del. C., Chapters 3 and 50, a hearing was held before Hearing Officer Battle R. Robinson, Esquire, on October 25, 26, 1999; and

WHEREAS, at the hearing all parties and interested persons were heard with respect to the proposed affiliation and a period for further comment was provided; and

WHEREAS, the Hearing Officer thereafter issued her Proposed Findings, Recommendations and Order on January 4, 2000; and

WHEREAS, all parties of record were given the opportunity to submit comments and exceptions to the Hearing Officer's Proposed Findings, Recommendations and Order; and

WHEREAS, the findings of fact and conclusions of law contained in the Proposed Findings, Recommendations and Order are well reasoned and amply supported by the summary of evidence also contained therein.

NOW, THEREFORE, IT IS ORDERED, that the summary of evidence, findings of fact, and conclusions of law contained in the Hearing Officer's Proposed Findings, Recommendations and Order (attached hereto as Exhibit A), with the

exceptions and modifications noted below, are incorporated by reference and adopted herein as an integral part of this Final Order and Decision.

Attached to Hearing Officer Robinson's proposed decision as "Attachment A" thereto are a series of recommended conditions upon which she believes approval of this transaction should be based. Retaining most of the intent and substance of those suggested conditions, I have modified and augmented certain of them to strengthen and give more specificity to this Department's (and the Attorney General's) oversight ability hereafter with respect to future activities and transactions of CareFirst and BCBSD and to better assure that no substantial alteration of BCBSD health services as currently provided in Delaware can occur absent prior notice and approval of the Insurance Commissioner and the Attorney General. These revised conditions on which approval of this transaction is predicated and which must be observed by CareFirst and BCBSD as adopted in this Final Order and Decision are attached hereto as Exhibit B. The conditions as set forth by Hearing Officer Robinson and referred to in her proposed recommendations and order are amended as necessary to conform to Exhibit B hereto.

With the exceptions as noted, in all other respects the Proposed Findings, Recommendations and Order of Hearing Officer Robinson are confirmed as correct and adopted.

For the reasons set forth herein, including Exhibits A and B, the affiliation of CareFirst and BCBSD, as outlined in the Business Affiliation Agreement, is hereby

APPROVED, subject to scrupulous adherence to Conditions Nos. 1-20 set forth in Exhibit B.

**SO ORDERED** this 20th day of March, 2000.



*Donna Lee H. Williams*

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DONNA LEE H. WILLIAMS  
Insurance Commissioner