

**STATE OF VERMONT
DEPARTMENT OF BANKING, INSURANCE, SECURITIES
AND HEALTH CARE ADMINISTRATION**

IN RE: ANTHEM BLUE CROSS)	
AND BLUE SHIELD)	DOCKET NO. 09-183-H
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)	

STIPULATION AND CONSENT ORDER

NOW COME the Department of Banking, Insurance, Securities and Health Care Administration of the State of Vermont (“Department”) and Anthem Health Plans of New Hampshire, Inc. d/b/a Anthem Blue Cross and Blue Shield (“Respondent”) and hereby stipulate and agree as follows:

WHEREAS, pursuant to the authority contained in 8 V.S.A. §§ 11, 12, 13, 15, 3361, 3368, 4062 and 4087 the Commissioner of the Department (“Commissioner”) is charged with administering and enforcing the insurance laws of the State of Vermont; and

WHEREAS, Respondent, whose address is 3000 Goffs Falls Road, Manchester, New Hampshire, 03111-0001, is a for profit health service corporation domiciled in the State of New Hampshire; and

WHEREAS, Respondent does not have a certificate of authority and/or a license issued by the Commissioner to transact insurance business in Vermont; and

WHEREAS, the Department has conducted an investigation of Respondent’s activities regarding the transacting of insurance business in Vermont and more

particularly with regards to: (1) providing group health insurance certificates to Vermont subscribers (“the Vermont subscribers”) issued by Anthem Blue Cross and Blue Shield pursuant to a group contract between Anthem Blue Cross and Blue Shield and the Automotive Wholesalers Association of New England of Peterborough, New Hampshire (“AWANE”); (2) providing group health insurance certificates to Vermont subscribers (“the Vermont subscribers”) issued by Anthem Blue Cross and Blue Shield pursuant to a group contract between Anthem Blue Cross and Blue Shield and the APC Paper Co. Inc. of Claremont, New Hampshire; (3) providing group health insurance certificates to Vermont subscribers (“the Vermont subscribers”) issued by Anthem Blue Cross and Blue Shield pursuant to a group contract between Anthem Blue Cross and Blue Shield and Easter Seals New Hampshire of Manchester, New Hampshire; (4) providing group health insurance certificates to Vermont subscribers (“the Vermont subscribers”) issued by Anthem Blue Cross and Blue Shield pursuant to a group contract between Anthem Blue Cross and Blue Shield and the Lake Sunapee Bank of Newport, New Hampshire; and

WHEREAS, the Department has concluded after investigation that Respondent directly issued over 176 certificates to the Vermont subscribers covered under the AWANE master group health plan; and

WHEREAS, the Department has concluded after investigation that Respondent directly issued 86 certificates to the Vermont subscribers covered under the APC Paper Co. Inc. master group health plan; and

WHEREAS, the Department has concluded after investigation that Respondent directly issued 52 certificates to the Vermont subscribers covered under the Easter Seals New Hampshire group health plan; and

WHEREAS, the Department has concluded after investigation that Respondent directly issued 30 certificates to the Vermont subscribers covered under the Lake Sunapee Bank group health plan; and

WHEREAS, the Department has concluded after investigation that, in issuing certificates of coverage to and administering benefits for the Vermont subscribers covered under the AWANE, APC Paper Co., Inc., Easter Seals New Hampshire and Lake Sunapee Bank master group health plans (with respect to whom an exception to certificate of authority and/or license requirements does not exist), Respondent transacted insurance business in Vermont without a certificate of authority and/or license in violation of 8 V.S.A § 3361 and § 3368, and that Respondent delivered certificates of insurance in Vermont that had not been filed with the Commissioner in violation of 8 V.S.A. § 4062; and

WHEREAS, Respondent has represented to the Department that it has completed an inquiry of all master group health plans in order to determine whether certificates issued and/ or delivered to subscribers who list a Vermont address as their residence were issued and/or delivered in violation of 8 V.S.A. § 3361 and § 3368 and Respondent has represented to the Department that it cannot identify any other subscribers in addition to the Vermont Subscribers; and

WHEREAS, Respondent has been made aware that the Department may proceed with an administrative action against it for violating 8 V.S.A § 3361, 8 V.S.A. § 3368 and 8 V.S.A. § 4062; and

WHEREAS, Respondent wishes to resolve this matter administratively, being aware of the expense, consumption of time and uncertainty inherent in litigation, by

entering into a stipulation and consent order with the Department on the terms and conditions hereinafter set forth in lieu of proceeding with a hearing.

NOW THEREFORE, in consideration of the mutual covenants contained herein, the Department and Respondent stipulate and agree as follows:

1. Respondent shall pay an administrative penalty of One Hundred Thousand Dollars (\$100,000.00) payable within ten (10) days of the date of the execution of this Consent Order.
2. The Company shall pay the Department's reasonable costs and expenses associated with this order and the investigation pursuant to 8 V.S.A. § 18 in the amount of Three Thousand Six Hundred Sixty-Three Dollars (\$3,663.00). Payment shall be made no later than 10 days after the execution of this Consent Order.
3. After execution of this Order, Respondent shall not enter into any master group contract to cover Vermont residents that would require it to have a Vermont certificate of authority or license, unless Respondent holds the license required under Vermont law.
4. Notwithstanding paragraph 3 above, Respondent shall continue to administer the benefits under all certificates in effect as of the date of this Order that have been issued to the Vermont subscribers covered under the AWANE, APC Paper Co., Inc., Easter Seals New Hampshire and Lake Sunapee Bank group health plans, including, but not limited to, contractual or legal obligations to pay claims until no such Vermont subscriber is enrolled or such policy is no longer in force with respect to the Vermont subscribers.

5. Notwithstanding paragraph 3 above, Respondent shall continue to provide health insurance coverage, including all Vermont statutorily mandated coverage, to the Vermont subscribers who are covered under the AWANE, and Lake Sunapee Bank group health plans (and with respect to whom an exception to certificate of authority and/or license requirement does not exist) as of the date of this Order until January 1, 2011, unless replacement coverage for the Vermont subscribers is obtained or such coverage is otherwise terminated by termination of the master policy contract or by the subscriber at an earlier date.
6. Notwithstanding paragraph 3 above, Respondent shall continue to provide health insurance coverage, including all Vermont statutorily mandated coverage, to the Vermont subscribers who are covered under the APC Paper Co. Inc. group health plan (and with respect to whom an exception to certificate of authority and/or license requirement does not exist) as of the date of this Order until February 1, 2011, unless replacement coverage for the Vermont subscribers is obtained or such coverage is otherwise terminated by termination of the master policy contract or by the subscriber at an earlier date.
7. Notwithstanding paragraph 3 above, Respondent shall continue to provide health insurance coverage, including all Vermont statutorily mandated coverage, to the Vermont subscribers who are covered under the Easter Seals New Hampshire group health plan (and with respect to whom an exception to certificate of authority and/or license requirement does not exist) as of the date

of this Order until July 1, 2010, unless replacement coverage for the Vermont subscribers is obtained or such coverage is otherwise terminated by termination of the master policy contract or by the subscriber at an earlier date.

8. An explanatory letter from Respondent that has been approved by the Department shall be sent to all Vermont subscribers notifying each of all the Vermont mandated coverage and that the certificate holder and all covered lives are being provided such coverage under the current certificate of coverage issued to them. Respondent shall submit the explanatory letter to the Department for approval within 10 days of the signing of this Order.
9. Respondent shall immediately notify the Department if it discovers subscribers who list a Vermont address as their residence that were issued and/or delivered certificates in violation of 8 V.S.A. § 3361 and § 3368. The issuance or delivery of certificates that is the subject matter of the notification shall not be considered a violation of this Consent order. This paragraph shall not, in any way, limit the Department's authority to impose an administrative penalty or any other enforcement remedies for violation of any Vermont statute, regulation, rule or law for such issuance or delivery that is the subject matter of the notification.
10. Respondent acknowledges and agrees that this stipulation is entered into freely and voluntarily and that except as set forth herein, no promise was made to induce the Respondent to enter into it. Respondent acknowledges that it has consulted with its attorney in this matter and it has reviewed this

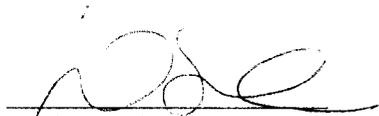
Stipulation and Consent Order and it understands all terms and obligations contained herein.

11. Respondent consents to the entry of this Order and agrees to be fully bound by its terms and conditions. Respondent acknowledges that noncompliance with any of the terms of this Order shall constitute a violation of a lawful order of the Commissioner and shall be a separate violation of the laws of the State of Vermont and shall subject Respondent to administrative action or sanctions as the Commissioner deems appropriate. Respondent further acknowledges that the Commissioner retains jurisdiction over this matter for the purpose of enforcing this order.

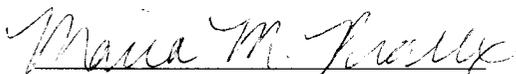
12. The undersigned representative of Respondent affirms that he or she has taken all necessary steps to obtain the authority to bind Respondent to the obligations stated herein and has the authority to bind Respondent to the obligations stated herein.

STATE OF NEW HAMPSHIRE

COUNTY OF Hillsborough


Anthem Blue Cross and
Blue Shield

Sworn to and subscribed before this
The 20th day of May, 2010.


NOTARY PUBLIC

My Commission Expires: 11/4/14

Accepted by: Christine M. Oliver
Christine M. Oliver
Deputy Commissioner,
Health Care Administration Division,
Vermont Department
of Banking, Insurance, Securities
and Health Care Administration

Date: 5/24/10

ORDER

IT IS HEREBY ORDERED:

A. Respondent, Anthem Blue Cross and Blue Shield,
shall comply with all agreements, stipulations, and undertakings as recited above.

B. Nothing contained in this Order shall preclude the Department from pursuing any
other violation of Vermont law.

Dated at Montpelier, Vermont this 25 day of May 2010.

Paulette J. Thabault
PAULETTE J. THABAULT, Commissioner
Vermont Department of Banking, Insurance, Securities
and Health Care Administration