



Commissioner Donna Lee H. Williams

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P R E S S R E L E A S E

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**DELAWARE INSURANCE COMMISSIONER SETS
PUBLIC HEARING DATES TO EVALUATE MARYLAND
LEGISLATION'S IMPACT ON BLUE CROSS BLUE SHIELD
OF DELAWARE; COMMISSIONER WILLIAMS TO
PERSONALLY ACT AS HEARING OFFICER**

DOVER, DE – Insurance Commissioner Donna Lee H. Williams announced today that that she is continuing to carefully evaluate the effects of recently enacted Maryland Legislation which concerns Blue Cross Blue Shield of Delaware (“BCBSD”) and its Maryland parent company, CareFirst, Inc. On May 22, 2003, Commissioner Williams issued a Rule to Show Cause Order requiring BCBSD and CareFirst to appear at a public hearing to explain why the effect of the Maryland legislation will not contravene the existing order under which BCBSD was allowed to affiliate with CareFirst and determine what steps would be required to fully protect Delaware’s Blue Cross Blue Shield as a result of the changes to the companies required by the new law.

In the past few weeks, several developments have occurred, including the entry of an Order and Consent Judgment in the United States District Court for the District of Maryland that purports to significantly change the provisions of

that legislation. Discussions are ongoing among all parties to the CareFirst affiliation including the respective insurers and their regulators from Delaware, Maryland and the District of Columbia. Commissioner Williams has also instructed her staff to undertake a thorough examination of the manner in which BCBSD and CareFirst have performed during the three years since the Affiliation Order has been in effect. Representatives of the Delaware Insurance Department have been engaged in ongoing discussions with BCBSD and CareFirst in preparation for the hearings.

Recently, BCBSD has requested time to respond to the Department's pre-hearing examination requirements. "Because of the need to fully analyze the effects of the legislation and ensuing litigation on BCBSD, and to ensure that my staff has had a full opportunity to conduct a complete examination of Blue Cross Blue Shield of Delaware and CareFirst, public hearings will be conducted beginning August 12," said Williams.

At the time of the Commissioner's May 22nd action, CareFirst, the national Blue Cross Blue Shield Association and the Governor and elected officials in Maryland were involved in a lawsuit in Maryland to determine whether CareFirst would be allowed to keep the Blue trademark in Delaware, Maryland and D.C. As already noted, that case was settled by a consent agreement that resulted in a judicial modification of the Maryland legislation. Commissioner Williams had noted that Delaware was threatened by the loss of the Blue Cross Blue Shield trademark even though Delaware was not a party to that litigation.

"Although the loss of the Blue Cross Blue Shield trademark in Delaware is no longer an immediate threat, it points out the need for a complete review of the affiliation agreement and the need for the Department to act in a deliberate and prudent manner. It is more important than ever to the citizens of Delaware that there be a complete evaluation of the impact of these developments on the coverage and protection they enjoy as Blue Cross Blue Shield subscribers," Williams said.

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