



Commissioner Donna Lee H. Williams

841 Silver Lake Boulevard * Dover, DE 19904 * (302) 739-4251 (*Hours: Mon-Fri 8-4:30 EST*)

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

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Contact: Rhonda West
(302) 739-4251, Ext. 111

**INSURANCE COMMISSIONER ISSUES DECISION CONCERNING
BLUE CROSS AND CAREFIRST AFFILIATION**

DOVER, DE – Delaware State Insurance Commissioner, Donna Lee H. Williams, Donna Lee H. Williams, today issued her Decision and Order concerning the affiliation of Blue Cross Blue Shield of Delaware with CareFirst, Inc. of Maryland.

On May 22, 2003, Commissioner Williams issued a Rule to Show Cause, which required BCBSD, Inc. and CareFirst, Inc. to appear and show cause why: (1) the effect of the Maryland legislation enacted into law on May 22, 2003, will not contravene the Affiliation Order entered by the Insurance Commissioner on March 20, 2000; (2) the Affiliation Order entered on March 20, 2000, should not be terminated; (3) BCBSD's participation in the CareFirst Affiliation should not be withdrawn; (4) any assets, licenses, authorities, or the like yielded by BCBSD to CareFirst should not be returned; and (5) any other and necessary order should not be entered protecting the rights of Delaware citizens to the full benefits offered prior to the Affiliation Order of March 20, 2000. The Commissioner conducted a public hearing on the Rule on November 4, 2003.

At the hearing, the parties acknowledged that the Maryland Legislation imposed troubling changes on the governance of CareFirst which require changes to the Affiliation Order.

Today's Decision and Order amends the March 20, 2000, Affiliation Order and calls for the following to be completed on or before December 31, 2003:

1. Restoration of majority control of Blue Cross Blue Shield of Delaware to BCBSD's Board of Directors; and
2. Return of the primary license to use the Blue Cross Blue Shield service marks in Delaware to BCBSD.

The Order further sets forth additional reporting requirements and establishes conditions that could trigger a complete disaffiliation. If all conditions are met, BCBSD will continue to share services and benefits with CareFirst on a contractual basis.

In announcing her decision, Commissioner Williams stated that "today's Order is one of a number of measures I have taken to protect Delaware subscribers from the effects of events which are occurring outside of Delaware. I will continue to monitor this situation carefully, and will act again if and when necessary to protect BCBSD subscribers and the citizens of this State."

The full text of the Decision and Order can be found on the Department's website at <http://www.state.de.us/inscom/bcbs.htm>.

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