

BEFORE THE INSURANCE COMMISSIONER

OF THE STATE OF DELAWARE

IN RE:

PROPOSED CONVERSION OF	:	
CAREFIRST, INC.,	:	Docket No. 2002-01
and MERGER WITH	:	
WELLPOINT HEALTH	:	
NETWORKS INC.	:	

**PREHEARING ORDER ON REQUEST OF THE
ATTORNEY GENERAL TO JOIN AS AN INTERESTED PARTY
AND DIRECT WELLPOINT TO PAY COSTS OF THE ATTORNEY GENERAL**

On January 11, 2002, WellPoint Health Networks Inc. (“WellPoint”) filed a Form A application, pursuant to 18 *Del. C.* § 5003 and Insurance Department (“Department”) Regulation 13. The Application represents WellPoint’s plan (“Transaction”) to acquire indirect control of Blue Cross Blue Shield of Delaware, Inc. (“BCBSD”), by acquiring its parent holding company, CareFirst, Inc. (“CareFirst”)

Pursuant to 29 *Del. C.* § 10125, on February 6, 2002 I was appointed by the Insurance Commissioner (“Commissioner”) to serve as Hearing Officer to review the Transaction for compliance with the provisions of 18 *Del. C.* § 5003. On June 6, 2002, a hearing was held on the Motion of the Delaware Attorney General to be designated as an “interested person” or party under 18 *Del. C.* § 5003(d)(2), and to direct WellPoint pay the costs and fees of any experts or consultants retained by the Attorney General to assist in her review of this Transaction. At that hearing, I granted the Motion for Party Status and directed WellPoint to pay the cost of the Attorney General. This written Order memorializes the ruling.

The Attorney General represents the interest of the citizens of the State of Delaware and is also the legal representation for all public benefit or charitable assets found in this State.

WellPoint does not dispute that the Attorney General should be designated as an interested party to this Transaction and 18 *Del. C.* § 5003(d)(2). The Department takes the position that the Attorney General's review of the Transaction is necessary in order for the Commissioner to complete her review under 18 *Del. C.* § 5003.

The Attorney General shall be designated as an interested party to this matter pursuant to 18 *Del. C.* § 5003(d)(2), and as such shall have all rights granted to interested parties thereunder.

The Attorney General does not have the expertise on her staff to provide a meaningful review of the Transaction consistent with her common law, and statutory obligations, as well as those obligations which carry forward from the Order in the Affiliation of CareFirst, Inc. This expertise shall be provided through retained experts and consultants. The cost of experts and consultants is very expensive, and such costs may ultimately be borne either by the taxpayers of Delaware, or WeilPoint. Neither group should be required to bear unnecessarily duplicative costs.

WellPoint shall pay for the reasonable costs of experts and consultants retained by the Attorney General. Unnecessarily duplicative costs between the Attorney General and the Department shall be avoided.

I retain jurisdiction to review both the reasonableness of experts and consultants retained by the Attorney General and to determine whether the retention of an expert is unreasonably duplicative.

SO ORDERED THIS 25th DAY OF JUNE, 2002


Vincent A. Bifferato, Sr.
Hearing Officer