

State of Delaware



DONNA LEE H. WILLIAMS  
INSURANCE COMMISSIONER

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Department of Insurance

BEFORE THE INSURANCE COMMISSIONER

OF THE STATE OF DELAWARE

<b>In the matter of:</b>	:	
<b>The proposed acquisition of BCBSD, INC.,</b>	:	
<b>A Delaware-domiciled non-profit health</b>	:	
<b>service corporation, by WELLPOINT HEALTH</b>	:	<b>Docket No. 2002-33</b>
<b>NETWORKS, INC., a California-domiciled</b>	:	
<b>Stock health insurer</b>	:	

PRE-HEARING ORDER

**WHEREAS** WellPoint Health Networks, Inc. ("WellPoint") filed a prior Form A application to acquire BCBSD, Inc. which was docketed by the Delaware Insurance Department as No. 2002-01, and

**WHEREAS** WellPoint withdrew the said application on August 15, 2002, and

**WHEREAS** WellPoint re-filed substantially the same application to acquire BCBSD as part of an overall contract to acquire CareFirst, Inc. a Maryland non-profit health service corporation, the parent of BCBSD, Inc.; and

**WHEREAS**, it is appropriate to adopt in this docket certain rulings made by the hearing officer in the prior docket since the rulings were procedural in nature and there has been no change in circumstance or new facts that warrant re-notice or re-hearing of those items; and

**WHEREAS** it is appropriate to adopt certain guidelines for the current docket;

**NOW THEREFORE**, the following rulings shall be applicable to the proceedings in this docket:

1. WellPoint shall be liable for the reasonable and necessary expenses of the experts engaged or retained by the Delaware Insurance Department. The hearing officer shall hear and resolve disputes relating to such expenses.

2. Persons and/or entities that expressed an interest in party status in Docket 2002-1 shall be notified in writing by the Delaware Insurance Department that their prior request for party status will be applied to this docket without further action on their part. November 19, 2002 is the date presently set for the hearing officer to consider applications for party status for those persons who have previously expressed an interest in party status as well as such others that may make timely application. The Delaware Insurance Department shall provide notice to all present or prospective applicants of the time and place of the aforesaid hearing.
3. Additional parties shall be admitted upon a showing that the party has an interest that may be affected by this proceeding, that the party's interests are not adequately represented by an existing party and that the protection of that party's interests would be prejudiced unless that person were admitted as a party.
4. Upon notification by the Delaware Insurance Department that its examination is complete, the hearing officer shall set a date for a public hearing in accordance with 18 *Del. C.* § 5003(d)(2) (the "Evidentiary Hearing") to consider evidence to be presented by WellPoint, the Department of Insurance, and others granted party status.
5. Up to and including five business days prior to the Evidentiary Hearing, any party or interested person may make written submissions to be considered by the hearing officer; provided, that documents which for ease of reference summarize, excerpt, or reformat materials previously submitted to the hearing officer, or any document requested by either the Delaware Insurance Department or the hearing officer later than five business days prior to the Evidentiary Hearing, may be submitted at the hearing or during such period subsequent to the hearing as the record remains open pursuant to Paragraph 11 of this order.
6. The Persons or entities granted the status of party shall have the right at the Evidentiary Hearing:
  - a. To be represented by counsel;
  - b. To summon and examine witnesses now or subsequently identified to the hearing officer;
  - c. To submit evidence in written form;
  - d. To cross examine witnesses; and
  - e. To present written and/or oral argument.

7. The Delaware Department of Insurance shall be the custodian of all records relating to this proposed transaction. All documents submitted by the Applicant to the DOI and marked as CONFIDENTIAL, and not otherwise publicly available, shall be deemed confidential pursuant to 18 *Del. C.* Ch 3. All disputes concerning the confidentiality of documents shall be resolved by the Hearing Officer, following an *in camera* review.
8. Following the Evidentiary Hearing, the hearing officer shall hold a public hearing in each of the three counties (the “Public Hearings”), so that persons interested, other than parties, may appear and present testimony in aid of the inquiry. The Delaware Insurance Department shall publish public notice 20 days in advance of the Public Hearings in conjunction with or separately from the notice of the Evidentiary Hearing.
9. The testimony at each hearing shall be transcribed, with the costs of transcription to be borne by WellPoint. The hearing record shall remain open following the conclusion of the last Evidentiary or Public Hearing for a term to be set by the Hearing Officer so that any person, party or the Delaware Insurance Department may make application to the hearing officer to submit additional documentation relevant to the scope of the hearing. The Hearing Officer may reconvene an evidentiary hearing, on his own motion, or upon the motion of the parties, to consider matters produced at the public hearings, so as to permit the parties to address those matters.
10. Within twenty days following the date of closing the record, the hearing officer shall submit his summary of the evidence, recommended findings of fact, recommended conclusions of law and recommended decision in the form of a proposed order to the Commissioner pursuant to 29 *Del. C.* § 10126. Such proposed order may include one or more conditions to which the recommended approval of the transaction should be subject if the Commissioner should approve it.
11. The Hearing Officer can make such other and further procedural rulings as are necessary for a comprehensive and efficient administrative proceeding.
12. The present parties, by their counsel, shall acknowledge receipt of and assent to this Pre-Hearing Order by signing, dating and returning a copy to the Delaware Insurance Department.

IT IS SO ORDERED this 8<sup>th</sup> day of November, 2002.

Donna Lee H. Williams  
Insurance Commissioner

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