

STATE OF WASHINGTON

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MIKE KREIDLER
STATE INSURANCE COMMISSIONER



FILED

MAR 13 2009

Hearing Unit OIC
Patricia D. Petersen
Chief Hearing Officer

DECLARATION OF MAILING

I declare under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery of a true copy of this document by normal office procedure to the parties listed below
DATED this 16th day of March 2009 at Tumwater, Washington.

Signed: Wendy Galloway

OFFICE OF
INSURANCE COMMISSIONER
HEARINGS UNIT

Fax: (360) 664-2782

Patricia D. Petersen
Chief Hearing Officer
(360) 725-7105

Wendy Galloway
Paralegal
(360) 725-7002
Wendyg@oic.wa.gov.

BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

In the Matter of:)
)
LIFEWISE HEALTH PLAN OF ARIZONA,)
)
A Domestic Life and Disability Carrier.)
_____)

Docket No. G07-0299
Docket No. D07-0292

**ORDER TERMINATING
ADJUDICATIVE PROCEEDINGS**

TO: Clifford W. Klima, President
LifeWise Health Plan of Arizona
Post Office Box 327
Seattle, Washington 98111-0327

COPY TO: Barbara Allan Shickich, Esquire
Riddell Williams P.S.
1001 Fourth Avenue, Suite 4500
Seattle, Washington 98154-1192

Mike Kreidler, Insurance Commissioner
Vernon Stoner, Chief Deputy Insurance Commissioner
James T. Odiorne, Deputy Commissioner, Company Supervision Div.
Carol Sureau, Deputy Commissioner, Legal Affairs Division
Andrea Philhower, Staff Attorney, Legal Affairs Division
Office of the Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

1. Docket No. D07-0292: On August 17, 2007 a Demand for Hearing and Invocation of Automatic Stay was filed by Barbara Shickich, Esquire of Riddell Williams P.S. in Seattle, on behalf of LifeWise Health Plan of Arizona, Inc., (LifeWise), a wholly owned subsidiary of Premera Blue Cross, regarding the Insurance Commissioner's Order Number D07-0292 dated



ORDER DISMISSING ADJUDICATIVE PROCEEDINGS

Docket Nos. G07-0299 & D07-0292 - Page 2

August 15, 2007 to LifeWise to Cease Acceptance and Writing of New Business and to Respond Fully to Inquiries as well as the related News Release from the Commissioner of August 15, 2007. LifeWise advised that, as indicated in its Demand for Hearing filed August 17, 2007, it is appealing statements not included in any Order of the Commissioner, but wording included in an August 15, 2007, News Release from the Commissioner which it believes constitute a threatened act of the Commissioner. LifeWise, by letter dated September 7, 2007, argues that the language of the subject News Release, not of any other letters or orders of the Commissioner, constitute a threatened act, arguing that:

The content of the News Release confirms the threatened action and the September 5 letter with its limited and qualified response does not remove the threat... If, as the letter indicates, the OIC does not desire to have a hearing on these issues at this time, Premera and LifeWise are prepared to agree to an indefinite suspension of referring the matter to the Office of Administrative Hearings("OAH")....

Specifically, LifeWise's appeal is based upon wording in an OIC News Release dated August 15, 2007, which purports to summarize the aforereferenced August 15, 2007 Order, but which is entitled:

Kreidler orders Premera to stop subsidizing Arizona health plan at expense of Washington policyholders and goes on to quote the Commissioner as follows: At the end of this year, Washington policyholders will have spent \$49 million footing the bill of Premera's investment in Arizona.... I find Premera's behavior deeply troubling, ... Premera shouldn't be allowed to subsidize a for-profit health plan in Arizona at the expense of Washington policyholders.

2. Docket No. G07-0299: On August 17, 2007, LifeWise Health Plan of Arizona (LifeWise), a Washington domiciled life and health carrier which also has a certificate of authority by the Arizona Department of Insurance, and is a subsidiary of Premera Blue Cross, a Washington domestic non-profit health care service contractor, filed a request for approval to redomesticate to the state of Arizona (Docket No. G07-0299). Accordingly, on August 29, 2007, a Notice of Hearing was filed by the Insurance Commissioner (OIC) pursuant to RCW 48.07.210. On September 17, Marshall McGinnis, Company Licensing Manager with the OIC filed a letter advising that it was the OIC's determination that LifeWise's filing was not yet complete. Based upon this determination, the undersigned advised all parties by letter that until the OIC had made a determination that the filing was complete, the adjudicative proceeding was not ripe to commence and that upon notification by the OIC to LifeWise and the undersigned that the filing was complete, a telephone conference would be scheduled. By letter dated October 15, the OIC advised that the filing was now complete (subject to items discussed by John H. Pierce and James T. Odiorne on October 11).

Over the course of time, over eleven status telephone prehearing conferences were duly scheduled and held regarding both Docket Nos. D07-0292 and G07-0299. During each, the parties either mutually requested (or one party requested, with agreement by the other), and were granted, many continuances, based upon good cause shown namely that they were conducting discussions in an effort to resolve certain issues relative to this request for approval to redomesticate. During the most recent prehearing status conference held February 18, 2009, the parties filed a Joint Motion for Continuance of Prehearing Conference to request an additional

ORDER DISMISSING ADJUDICATIVE PROCEEDINGS

Docket Nos. G07-0299 & D07-0292 - Page 3

continuance of this matter until at least the week of April 20, 2009. This request was again based upon the parties' assertion that the OIC and LifeWise was making progress in their efforts to settle the matter. Because there have been so many requests, it was ordered that the matter be continued until March 11, 2009 and if the parties requested another continuance, then a more detailed request must be filed to allow further continuances.

By letter dated February 27, 2009, LifeWise, by and through Ms. Shickich, withdrew its demand for hearing in the related matter Docket Number D07-0292, requesting to terminate the proceedings. Also in said letter, LifeWise withdrew its redomestication application, matter G07-0299, stating that the redomestication proceeding is moot. As further detailed in a February 27, 2009 letter addressed to James Odiorne, Deputy Commissioner, Company Supervision Division, from Barbara Shickich on behalf of LifeWise of Arizona:

...we are hereby withdrawing the application for redomestication filed on July 27, 2007. ...LWAZ has announced that it will cease sales of new group and individual health coverage in Arizona, will conduct an orderly transition out of the Arizona market, and thereafter will cease operations in Arizona. As a result of LWAZ's planned withdrawal from the Arizona market, the reasons for seeking redomestication no longer exist.

A copy of said letter, filed with LifeWise's February 27, 2009, letter advising that it was withdrawing its two requests for hearing, is by this reference incorporated herein and is included in the hearing file.

Finally, on March 11, 2009, the undersigned held the final prehearing telephone conference in these matters to confirm that LifeWise was withdrawing its request for hearing in Docket No. D07-0292, and was withdrawing its request for approval to redomesticate Docket No. G07-0299 as well. Further, during that conference LifeWise confirmed that the details set forth in its February 27, 2009 letter to the OIC advising that Lifewise will cease sales of new group and individual health coverage in Arizona, will conduct an orderly transition out of the Arizona market and thereafter will cease operations in Arizona are correct and that these plans are the basis of LifeWise's withdrawal of its request for approval to redomesticate to Arizona.

Based upon the above activity:

IT IS HEREBY ORDERED that Docket No. D07-0292 is hereby terminated with prejudice;

IT IS FURTHER ORDERED that Docket No. G07-0299 is hereby terminated.

ENTERED at Tumwater, Washington, this 13th day of March, 2009, pursuant to Title 48 RCW, and specifically RCW 48.04 and 48.31B.015, Title 34 RCW, and regulations applicable thereto.



PATRICIA B. PETERSEN

Presiding Officer
Chief Hearing Officer

FILED

FEB 27 2009

Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer



RIDDELL WILLIAMS P.S.

1001 FOURTH AVENUE, SUITE 4500 | SEATTLE, WASHINGTON 98154-1192
206.624.3600 TELEPHONE | 206.389.1708 FACSIMILE
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BARBARA ALLAN SHICKICH
206.389.1680
BSHICKICH@RIDDELLWILLIAMS.COM

February 27, 2009

VIA E-MAIL AND U.S. MAIL

Patricia Petersen
Chief Hearing Officer
Office of Insurance Commissioner
P.O. Box 40255
Olympia, WA 98504-0255

**Re: LifeWise Health Plan of Arizona
Docket No. G07-0299
Docket No. D07-0292**

Dear Judge Petersen:

This letter is written on behalf of LifeWise of Arizona ("LWAZ") to formally provide you notice that LWAZ has withdrawn the redomestication application filed on July 27, 2007. A copy of the withdrawal letter is enclosed for your reference.

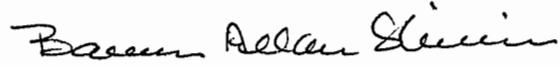
Accordingly, LWAZ and the Office of Insurance Commissioner (OIC) Company Supervision Division agree that the redomestication proceeding under Docket No. G07-0299 is moot. LWAZ further hereby withdraws its demand for hearing in the related matter under Docket D07-0292. We therefore would like to terminate the proceedings in Docket No.s G07-0299 and D07-0292.

Andrea Philhower, attorney of record for the OIC, and I have discussed this letter and I have been advised by her that the OIC's Company Supervision Division agrees with its content and supports the termination of the foregoing proceedings. This is to confirm that there is no separate settlement agreement between the parties related to this request for termination.

Patricia Petersen
February 27, 2009
Page 2

Based on the foregoing, we respectfully request that an order be issued terminating the above referenced adjudicative proceedings.

Sincerely,

A handwritten signature in cursive script, appearing to read "Barbara Allan Shickich".

Barbara Allan Shickich
of
RIDDELL WILLIAMS P.S.

Enclosure

cc: Andrea Philhower



RIDDELL WILLIAMS P.S.

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FEB 27 2009

Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer

BARBARA ALLAN SHICKICH
206.389.1680
BSHICKICH@RIDDELLWILLIAMS.COM

February 27, 2009

VIA E-MAIL AND U.S. MAIL

Jim Odiorne
Deputy Commissioner, Company Supervision
Office of Insurance Commissioner
5000 Capitol Blvd.
Tumwater, WA 98501

Re: Withdrawal of Application for Redomestication of LifeWise of Arizona

Dear Mr. Odiorne:

On behalf of LifeWise of Arizona ("LWAZ"), we are hereby withdrawing the application for redomestication filed on July 27, 2007. As you are aware, LWAZ has announced that it will cease sales of new group and individual health coverage in Arizona, will conduct an orderly transition out of the Arizona market, and thereafter will cease operations in Arizona. As a result of LWAZ's planned withdrawal from the Arizona market, the reasons for seeking redomestication no longer exist.

Consistent with my discussion with Andrea Philhower, I am also sending a letter to Patricia Petersen requesting that the pending adjudicative proceedings be terminated.

Sincerely,

Barbara Allan Shickich
of
RIDDELL WILLIAMS P.S.

cc: Patricia Petersen
Andrea Philhower