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PREMERA | 

2015 APR 15 A 10:41 BLUE CROSS

April 14, 2015

Mike Kreidler  
Office of the Insurance Commissioner  
Hearings Unit  
5000 Capitol Boulevard SE  
Tumwater, WA 98512

**Re: Premera Blue Cross Demand for Hearing**

Dear Commissioner Kreidler:

We have been working with your office related to Premera's Association Health Plan ("AHP") filings. In light of the recent disapproval of Premera's 2014 filing and statements by office staff about penalties related thereto, and in the event that a formal action is necessary, Premera Blue Cross ("Premera") submits this demand for hearing under RCW 48.04.010(1)(b) and RCW 34.05.413 to challenge acts or threatened acts of the Office of the Insurance Commissioner ("OIC"). Premera is aggrieved or adversely affected by the OIC's decision. Pursuant to RCW 48.04.020, this demand for hearing shall stay any action by the OIC with respect to Premera's 2014 AHP filings. Premera requests that an Administrative Law Judge ("ALJ") be appointed to conduct the hearing pursuant to RCW 48.04.010(5).

Background. AHPs are health plans offered by associations of small businesses in conjunction with the other purposes and services of the associations. Premera has long offered AHPs through a variety of associations located in Washington. Subsequent to the passage of the Affordable Care Act ("ACA"), the OIC promulgated new rules governing AHPs. Premera met with the OIC on numerous occasions regarding the new AHP regulatory requirements and the transition of AHP business from the prior regulatory requirements to the new regulatory requirements. Premera has regularly expressed its desire for the OIC to administer the new AHP regulatory requirements in a way that provides certainty in the market and does not disadvantage any AHP or carrier. The OIC stated to Premera on more than one occasion that its goal was to transition AHPs to the new requirements on a prospective basis, and that it would not impose retroactive requirements or sanctions against Premera for its administration of AHPs.

On or after January 15, 2015, the OIC disapproved certain Premera AHPs which had been offered, sold and administered for 2014, which plans generally were filed in early 2014. The grounds for the OIC disapprovals included: (1) that the AHP does not qualify as an employer as defined by ERISA; and (2) the method of determining the rates is invalid.

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On March 24, 2015, in a telephone conversation between Premera and the OIC, the OIC for the first time threatened possible sanctions for any AHPs that did not comply with the OIC's interpretation of the regulatory requirements for plans filed for 2015, including retroactive sanctions for Premera's 2014 AHPs.

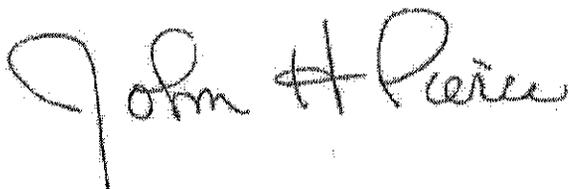
Basis for Hearing Demand. Premera hereby demands a hearing pursuant to RCW 48.44.020(2)-(3) and RCW 48.04.010(1). Since the disapprovals are for prior plan years, Premera does not believe there to be a need to resolve any existing conflict. However, due to the OIC's recent threats of enforcement action for 2014 plan years, Premera files this request for a hearing demand to protect its interests regarding the 2014 AHP plans.

Conclusion. We look forward to the opportunity to resolve these issues with you. If a formal action is necessary, Premera asks the OIC for relief regarding the decisions in one or more of the following ways:

- Reconsideration of the Decision;
- Imposition of a stay of the Decision;
- Revocation or reversal of the Decision;
- Such other and further relief as this tribunal may grant under its authority.

Please let us know if you have any questions or comments.

Very truly yours,

A handwritten signature in black ink that reads "John H. Pierce". The signature is written in a cursive, slightly slanted style.

John H. Pierce  
Senior Vice President, General Counsel, Premera Blue Cross