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Attorneys for the CSI

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE  
MONTANA STATE AUDITOR**

IN THE MATTER OF THE CONVERSION ) Case No. INS-2012-238  
OF BLUE CROSS AND BLUE SHIELD OF )  
MONTANA, INC., AND ALLIANCE WITH ) **NOTICE OF FILING STIPULATION**  
HEALTH CARE SERVICE CORPORATION ) **BETWEEN THE CSI AND**  
Applicants. ) **APPLICANTS**  
\_\_\_\_\_ )

The Office of the Commissioner of Securities and Insurance, Montana State Auditor (CSI), provides notice that on April 19, 2013, a Stipulation between the CSI and Applicants was filed. A copy of the Stipulation between the CSI and Applicants is attached.

DATED this 19<sup>th</sup> day of April, 2013.

  
\_\_\_\_\_  
NICK MAZANEC  
Attorney

**CERTIFICATE OF SERVICE**

This is to certify that a true and accurate copy of the foregoing document was hand delivered, picked up by courier, emailed, or sent by U.S. Mail, postage paid, this 19<sup>th</sup> day of April, 2013, to the following:

Jacqueline T. Lenmark, Esq.  
Keller, Reynolds, Drake,  
Johnson & Gillespie, P.C.  
50 South Last Chance Gulch, Suite 4  
P.O. Box 598  
Helena, MT 59624

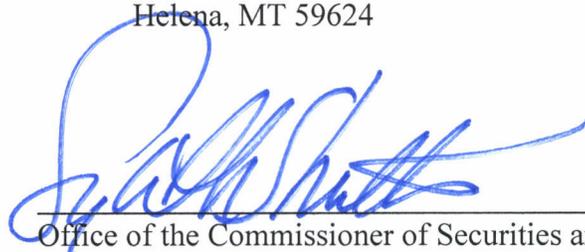
Kelley Hubbard, Esq.  
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P.O. Box 201401  
Helena, MT 59620-1401

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Office of the Commissioner of Securities and  
Insurance, Montana State Auditor



included in this commitment include HCSC charges for general and administrative fees for the plan operational services in effect in 2013 at the close of the transaction and margin.

Specifically excluded from the calculation of these administrative fees are (a) fees to cover the costs of new services due to statutory or regulatory requirements that were not in effect in 2013, including those that are a result of the Affordable Care Act (ACA), (b) commissions, (c) insurance exchange fees, (d) new taxes (including the ACA Insurer Tax) and assessments not paid by BCBSMT prior to the close of the transaction, and (e) premium taxes. This commitment covers the three calendar years following the close of the transaction (if the transaction closes in 2013, this commitment will extend for the combined period of the calendar years 2014, 2015 and 2016). The BCBSMT division of HCSC will provide to the CSI three months after the close of the transaction a report that will attest to the aggregate fees and margin charged on this business as a percentage of premium at the close of the transaction. On or before March 31 of each following year (e.g., following year-end 2014, 2015 and 2016), the BCBSMT division of HCSC will provide to the CSI a report attesting to the cumulative aggregate administrative fees and margin charged to this business for the calendar years 2014, 2015 and 2016 as a percentage of premium charged to customers, was lower than the baseline administrative percentage. In the event HCSC fails to meet its requirements under this section, the CSI shall have available all administrative remedies under the Montana Insurance Code.

3. Charitable Giving: The BCBSMT division of HCSC shall for a period of 3 calendar years (2014, 2015, and 2016) continue at its sole expense BCBSMT's previous charitable and community giving in an amount of not less than \$200,000 for each such calendar year.

4. Care Van: Through its BCBSMT division and at its sole expense, HCSC shall own and operate a mobile immunization van (“care van”), in a manner similar to HCSC’s other states, for the purpose of providing immunizations to Montanans for a period ending December 31, 2016. All Montanans are eligible to receive immunizations through the care van, with no co-pay for any Montanan who chooses to receive immunizations. HCSC will make available at least 2,000 immunizations during this period. HCSC will focus on providing care van services in underserved areas.

5. BCBSMT Foundations: The boards of directors of the Foundation for Healthy Montanans and the Caring Foundation shall take all necessary action to appoint a representative named by the Montana Securities and Insurance Commissioner to their respective boards of directors, effective upon the Closing Date and continuing through the date by which all current funds are allocated or until December 31, 2016, whichever is later.

6. Donations to Foundations: HCSC shall, on or before December 31, 2013, donate an aggregate of \$3 million to either the Foundation for Healthy Montanans or the Caring Foundation, or both.

7. Board of Directors: At the closing of the proposed transaction, BCBSMT shall cause its directors and officers to resign, and shall cause individuals nominated by the CSI and the Montana Attorney General, jointly, to be elected as directors of BCBSMT.

8. Escalated Inquiries: The BCBSMT division of HCSC will continue its current process for handling escalated CSI consumer inquiries and complaints. This process will continue to be handled at the BCBSMT division in Montana with direct access to the BCBSMT Plan President. There is no expiration date on this commitment.

9. Employment: As provided in the Asset Purchase Agreement (APA), effective as of the closing of the transaction, HCSC shall provide offers of employment to all BCBSMT employees listed on Employee Roster setting forth the employees of BCBSMT as of the closing date. With respect to each such employee, HCSC shall offer employment at an annual base salary equal to or greater than the annual base salary of such employee in effect as of immediately prior to the closing.

10. Premium Tax: The BCBSMT division of HCSC will pay the premium tax as specified in Mont. Code Ann. § 33-2-705 as of and after the closing of the proposed transaction so long, as determined by the CSI, such tax remains applicable to health insurers in Montana not otherwise exempt from the payment of such tax under current Montana law, or unless Mont. Code Ann. § 33-2-705 is preempted by federal law expressly by Congress or as determined by a court of competent jurisdiction, or unless, as determined by the CSI, there is a substantial change in either applicable facts or law which result in the inapplicability of the premium tax to the BCBSMT division of HCSC.

11. After the closing of the proposed transaction, on or before March 31 of each year thereafter, the BCBSMT division of HCSC shall submit to the CSI a letter containing the same information as specified in the supplemental compensation exhibit currently filed by BCBSMT with the CSI, regarding the annual compensation for the president of the BCBSMT division of HCSC and the four most highly paid other executive officers of such division for the previous calendar year. This information is considered a public record, pursuant only to Montana law, that is accessible by the public.

12. Any filing other than the Application to approve the proposed transaction currently pending with the CSI as reflected in Exhibit A attached will be reviewed and approved or disapproved on or before May 20, 2013. If any form is approved, such approval is

conditioned upon the proposed transaction actually closing. Prior to such date, the CSI will advise the Applicants of the status of the filings identified in Exhibit A.

13. To the extent this Stipulation is fully-executed and filed with the Hearing Examiner on or before April 19, 2013, staff of the CSI will make a recommendation to the Hearing Examiner that the proposed transaction should be approved. Such recommendation will be based on this Stipulation and the evidence in the Record. This recommendation is not binding on the Hearing Examiner or the Commissioner of Securities and Insurance.

14. Nothing in this Stipulation or in any final order issued by the CSI approving the Proposed Transaction shall be construed so as to waive or in any way limit the confidential and proprietary nature of certain documents and testimony designated as confidential or privileged by either HCSC, BCBSMT, or both, either in the Application or during the course of the proceedings concerning the Application, and any documents or testimony designated as kept under seal by the Hearing Officer or the parties, or any of them, shall remain under seal unless the seal is lifted. All documents or testimony designated as confidential or privileged by HCSC, BCBSMT, or both, including documents or testimony under seal, will continue to be kept confidential by the CSI pursuant to applicable Montana law, including *Great Falls Tribune v. Montana Public Service Commission*, 319 Mont. 38, 82 P. 3d 876 (2003).

15. This Stipulation may be signed in counterparts.

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DATED this 19 day of April, 2013.

OFFICE OF THE COMMISSIONER OF  
SECURITIES AND INSURANCE,  
MONTANA STATE AUDITOR

By: [Signature]

Its: Chief Legal Counsel

BLUE CROSS AND BLUE SHIELD OF  
MONTANA, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

HEALTH CARE SERVICE CORPORATION,  
a Mutual Legal Reserve Company

By: \_\_\_\_\_

Its: \_\_\_\_\_

DATED this 19 day of April, 2013.

OFFICE OF THE COMMISSIONER OF  
SECURITIES AND INSURANCE,  
MONTANA STATE AUDITOR

By: \_\_\_\_\_

Its: \_\_\_\_\_

BLUE CROSS AND BLUE SHIELD OF  
MONTANA, INC.

By: Michelle E. Full

Its: President / CEO

HEALTH CARE SERVICE CORPORATION,  
a Mutual Legal Reserve Company

By: \_\_\_\_\_

Its: \_\_\_\_\_

DATED this 19 day of April, 2013.

OFFICE OF THE COMMISSIONER OF  
SECURITIES AND INSURANCE,  
MONTANA STATE AUDITOR

By: \_\_\_\_\_

Its: \_\_\_\_\_

BLUE CROSS AND BLUE SHIELD OF  
MONTANA, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

HEALTH CARE SERVICE CORPORATION,  
a Mutual Legal Reserve Company

By: Colleen Bectan

Its: CVP + COO

**CERTIFICATE OF SERVICE**

I hereby certify that a true and accurate copy of the foregoing was served via email on the 19<sup>th</sup> day of April, 2013, to the following:

Jacqueline T. Lenmark, Esq.  
Keller Reynolds, Drake,  
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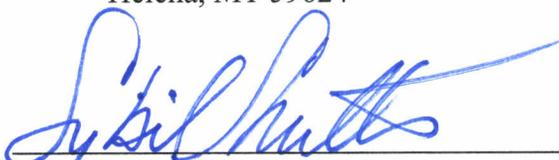
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Helena, MT 59624



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Office of the Commissioner of Securities and  
Insurance, Montana State Auditor

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE  
MONTANA STATE AUDITOR**

IN THE MATTER OF THE CONVERSION ) OF BLUE CROSS AND BLUE SHIELD OF ) MONTANA, INC., AND ALLIANCE WITH ) HEALTH CARE SERVICE CORPORATION )  Applicants. ) <hr style="width: 40%; margin-left: 0;"/>	)	Case No. INS-2012-238  <b>EXHIBIT A TO THE STIPULATION BETWEEN THE CSI AND APPLICANTS</b>
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The following are the only forms currently pending with the office of the Commissioner of Securities and Insurance (CSI) submitted by Blue Cross and Blue Shield of Montana, Inc, as of April 19, 2013. Pursuant to the Stipulation, the CSI shall review and approve or disapprove the forms on or before May 20, 2013. If any form is approved, such approval is conditioned upon the proposed transaction actually closing.

**1. Amendments**

- HCSC TRADPPO CONT AMEND 2013
- HCSC TRADPPO MG AMEND 2013
- INDIV CONT AMENDMENT 2013

**2. Applications**

- MERIT BLUE DIMENSIONS APP 4/2013.A
- MERIT TRAD/PPO CMM APP 4/2013.A
- MERIT TRAD/PPO HDHP MONTANA APP 4/2013.A
- MERIT TRAD/PPO HDHPe APP 2013 4/2013.A
- MERIT TRAD/PPO HEALTH FIRST APP 4/2013.A
- INDIVIDUAL APP 2013.A

**3. Outlines of Coverage**

**A. Individual**

- BLUE EVOLUTION INDIVIDUAL 2013.A
- VALUE BLUE INDIVIDUAL 2013.A
- MONTANA YOUTHCARE INDIVIDUAL 2013.A
- HDHPMONTANA INDIVIDUAL 2013.A

- STB 2013.A and STB APP 2013.A
- HDHP PREMIER INDIVIDUAL 2013.A

**B. Small Group**

- PPOBLUEDIMENSIONS SG 2013 NO OFFICE VISIT COPAY – PRESCRIPTION DRUG PROGRAM.A
- PPOBLUEDIMENSIONS SG 2013 NO OFFICE VISIT COPAY – PHARMACY INTEGRATED BENEFIT.A
- PPOBLUEDIMENSIONS SG 2013 OFFICE VISIT COPAY – PRESCRIPTION DRUG PROGRAM.A
- PPOBLUEDIMENSIONS SG 2013 OFFICE VISIT COPAY – PHARMACY INTEGRATED BENEFIT.A
- PPOHDHPe SG 2013.A
- HDHPe SG 2013.A

**C. Large Group**

- CMM PPO LG 2013.A
- PPOHEALTHFIRST LG 2013.A
- PPOHDHPe LG 2013.A
- PPOBLUEDIMENSIONS LG 2013 NO OFFICE VISIT COPAY – PRESCRIPTION DRUG PROGRAM.A
- PPOBLUEDIMENSIONS LG 2013 NO OFFICE VISIT COPAY – PHARMACY INTEGRATED BENEFIT.A
- PPOBLUEDIMENSIONS LG 2013 OFFICE VISIT COPAY – PRESCRIPTION DRUG PROGRAM.A
- PPOBLUEDIMENSIONS LG 2013 OFFICE VISIT COPAY – PHARMACY INTEGRATED BENEFIT.A
- HEALTH FIRST LG 2013.A
- HDHP MONTANA LG 2013.A
- PPOHDHPMONTANA LG 2013.A
- HDHPe LG 2013.A
- CMM LG 2013.A

**D. Dental and Vision**

- BCBSMT DENTAL 2013.A
- BCBSMT DENTAL WITH ORTHO 2013.A
- BCBSMT VISION 2013.A

**4. HMO Certificate of Authority Application and Related Form Filings for Assumed and New HCSC Business for 2013**

**5. Notice of Policy Transfer**

**6. Medicare Supplement Rate Filings for Assumed and New HCSC Business for 2013**

As set forth in BCBSMT's Notice dated April 18, 2013 to the CSI and the Center for Consumer Information and Insurance Oversight, BCBSMT is required to notify HHS of any pending change in BCBSMT's ownership and obtain HHS' approval for transfer of responsibility for BCBSMT's Qualified Health Plans (QHP). Subject to the approval of the transaction between BCBSMT and HCSC by the CSI and the Montana Attorney General, the CSI agrees to support BCBSMT's request to HHS for approval to transfer responsibility for BCBSMT's QHP certification-related filings to HCSC.