

1 **Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

2 **A.** My name is James L. Kadela, and I am the Divisional Senior Vice President of Financial
3 Services and Internal Operations of Health Care Service Corporation, a Mutual Legal
4 Reserve Company ("HCSC"). My business address at HCSC is 300 East Randolph
5 Street, Chicago, Illinois, 60601.

6 **Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES AS THEY RELATE TO THE**
7 **PROPOSED TRANSACTION BETWEEN HCSC AND BLUE CROSS AND BLUE**
8 **SHIELD OF MONTANA, INC.**

9 **A.** I have the responsibility for coordinating the integration of the operations of Blue Cross
10 and Blue Shield of Montana, Inc. ("BCBSMT") into HCSC. This means that the HCSC
11 team of transition specialists will work with the people responsible for the business
12 operations at both BCBSMT and HCSC, as well as the technology staff to integrate
13 BCBSMT into HCSC operations.

14 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND,**
15 **QUALIFICATIONS AND EXPERIENCE.**

16 **A.** I received a Bachelor's Degree in Accounting from the University of Illinois at Chicago,
17 and a Master's Degree in Business Administration from DePaul University in Chicago.
18 Prior to joining HCSC, I was an internal auditor and credit risk analyst at Continental
19 Bank for five years. I have been with HCSC since 1994, in various positions within
20 financial services and internal operations. I have been in my current role as a Divisional
21 Senior Vice President since 2009.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN FORMAL PROCEEDINGS BEFORE**
2 **AN OFFICER OF THIS STATE OR IN FORMAL PROCEEDINGS IN**
3 **ANYOTHER STATE OR THE FEDERAL GOVERNMENT?**

4 **A.** No, I have not.

5 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF YOUR TESTIMONY.**

6 **A.** My testimony will discuss the operational aspects of integrating BCBSMT into the
7 operations of HCSC, and the transition of information technology systems from
8 BCBSMT's old information technology systems to HCSC's more advanced systems.
9 My testimony will support BCBSMT's and HCSC's Application for Approval of
10 Alliance by demonstrating that an alliance with HCSC will enable BCBSMT to offer
11 better customer services, improve its efficiency, expand services, reduce administrative
12 expenses, and become a stronger competitor in Montana.

13 **Q. ARE YOU FAMILIAR WITH THE TRANSACTION THAT IS THE SUBJECT**
14 **OF THE PROCEEDING?**

15 **A.** Yes, I am.

16 **Q. WHAT WAS YOUR ROLE WITH RESPECT TO THE TRANSACTION?**

17 **A.** I was responsible for reviewing all business operational aspects related to the transaction
18 and during the due diligence that was conducted. I was also responsible for discussing
19 BCBSMT's operational needs with BCBSMT executives and management.

20 **Q. DO YOU HAVE EXPERIENCE INTEGRATING OTHER BLUE CROSS AND**
21 **BLUE SHIELD PLANS WITH HCSC?**

1 A. Yes. HCSC has had great success in the past integrating the Blue Cross and Blue Shield
2 (“BCBS”) plans in Texas, New Mexico and Oklahoma. I was involved in the
3 integrations of the BCBS plans in Texas and New Mexico, and was the business lead for
4 the integration of the BCBS plan in Oklahoma.

5 **Q. PLEASE TELL US ABOUT HCSC’S OPERATIONS. HOW MANY MEMBERS**
6 **DOES HCSC HAVE?**

7 A. HCSC has over 13 million members.

8 **Q. HOW HAS HCSC’S MEMBERSHIP CHANGED OVER THE LAST FEW**
9 **YEARS?**

10 A. It has increased. Over the past five years, HCSC’s total membership has increased by
11 approximately 1,380,000 members, which represents a 12% increase in membership over
12 that time period.

13 **Q. HOW MANY INSURANCE CLAIMS DOES HCSC PROCESS ON AN AVERAGE**
14 **BUSINESS DAY?**

15 A. HCSC processes approximately 749,000 insurance claims on an average business day.

16 **Q. DOES HCSC MAINTAIN STATISTICS ON HOW ACCURATELY AND**
17 **TIMELY IT PROCESSES CLAIMS, AND IF SO, WHAT ARE THOSE**
18 **STATISTICS?**

19 A. Yes it does. According to internal statistics maintained by HCSC, HCSC processes
20 around 99 percent of all claims within 30 days at about a 99 percent financial accuracy
21 rate.

1 **Q. WHAT SYSTEMS DOES HCSC USE AND WHAT IS SPECIAL ABOUT THOSE**
2 **SYSTEMS?**

3 **A.** HCSC has several proprietary systems, including Blue Chip, BlueSTAR and Blue
4 Gateway. HCSC also has other information technology servicing capabilities that are the
5 equal of any in our industry. These capabilities are highly regarded by customers and
6 potential customers in our other states. In fact, we were able to sell new business
7 immediately after closing transactions in those states based on our technological
8 capabilities.

9 **Q. CAN YOU PLEASE DESCRIBE THE BLUE CHIP SYSTEM?**

10 **A.** The Blue Chip system is a very powerful model for system integration and efficiency.
11 Initially implemented in Illinois, and then in Texas, New Mexico and Oklahoma, Blue
12 Chip is an online, real time, highly automated claim adjudication system. The online,
13 real time nature of the system allows claims and adjustments to be finalized immediately
14 and thus improves customer service. The Blue Chip system currently processes all
15 medical commercial business claims for HCSC. Blue Chip has been enhanced over the
16 years to incorporate advanced managed care products and multi-state capabilities needed
17 to manage benefits for HCSC's growing book of national account business. With
18 HCSC's Blue Chip system, BCBSMT can increase its efficiency in administrating its
19 core health insurance business.

20 **Q. CAN YOU PLEASE DESCRIBE THE BLUESTAR SYSTEM?**

21 **A.** BlueSTAR is HCSC's online, real time membership system that provides efficient access
22 to account, client and membership data. It delivers rapid, reliable and up-to-date member

1 information while streamlining data entry and maintenance. With the BlueSTAR
2 membership system, BCBSMT can improve its efficiency and performance.

3 **Q. CAN YOU PLEASE DESCRIBE BLUE GATEWAY?**

4 **A.** Blue Gateway is HCSC's Financial Operational System that is used to support HCSC's
5 multiple reporting requirements. The purpose of this system is to: (a) identify the
6 financial obligations of HCSC and its customers; (b) perform gatekeeper functions for all
7 financial claim adjudication data; (c) reconcile actual claim payments with claim data;
8 and (d) generate operational reports on a regular, periodic basis.

9 **Q. ARE THERE ANY OTHER SYSTEMS THAT HCSC USES TO BENEFIT ITS**
10 **MEMBERS?**

11 **A.** Yes. We also have an array of web and mobile based services developed internally for
12 our members and providers. For example, HCSC has developed a web portal called Blue
13 Access for Members ("BAM") that allows members to track and manage the status of
14 their claims, request temporary ID cards, search for providers, and use cost estimator
15 tools. BAM also contains a vast array of health and wellness resources, including online
16 health and disease assessments. The Blue Access for Producers web portal allows
17 producers to quickly and accurately perform a variety of functions such as online quoting
18 and viewing product information. The Blue Access for Employers web portal allows
19 employer groups to quickly and accurately perform online transactions in the areas of
20 enrollment, billing, membership, as well as other administrative functions.

21 **Q. WHAT ARE SOME OF HCSC'S MOBILE CAPABILITIES?**

1 A. HCSC also has mobile capabilities that can benefit members. For example, the “Duty
2 Calls” application helps educate and prepare expectant fathers during their partner’s
3 pregnancy with information about not only the baby’s development, but what their
4 partner is experiencing. The “Tot Tracker” application helps new parents understand and
5 track key milestones in their baby’s development, share updates with friends and family,
6 and educates them on important immunizations. The “Provider Finder” application
7 enables members to locate physicians, as well as the closest emergency care. All of these
8 web and mobile capabilities would be available to BCBSMT members, which will be
9 significant enhancements to BCBSMT’s current capabilities. Today, BCBSMT does not
10 have any mobile applications and its interactive web capability is limited to FAQ
11 application where members may email inquiries to customer service representatives.

12 **Q. WHERE DOES HCSC HOUSE ITS DATA?**

13 A. HCSC has built two state of the art Data Centers, located in Waukegan, Illinois, and Fort
14 Worth, Texas, that include environmental controls that promote the continuity of HCSC
15 operations. The data centers incorporate multiple feeds for electricity, gas, water and
16 telecommunications. Uninterruptable power supplies are in place to support “critical”
17 areas within the data center facilities. In the event of power outage, the data centers
18 maintain multiple redundant diesel-powered generators that can adequately support the
19 power requirements for the building and grounds, inclusive of all physical security
20 controls. These data centers are also constructed at a level that has approximately twice
21 the structural integrity needed to withstand any seismic or adverse weather related
22 activity. The data centers have ample space for future growth and expansion. HCSC

1 investments in the data centers reflect the degree to which HCSC is committed to
2 providing a secure environment for customer data, as well as its determination to ensure
3 that our ability to service our policyholders is not interrupted. These capabilities will
4 now be extended to BCBSMT. With these capabilities, BCBSMT will enhance the
5 security and reliability of its sensitive member data.

6 **Q. DOES HCSC HAVE ANY OTHER TECHNOLOGY OR PROGRAMS THAT**
7 **WILL BENEFIT BCBSMT?**

8 **A.** Yes. In addition to its state-of-the-art data centers and its BlueChip, Blue STAR and
9 Gateway systems, HCSC and its subsidiaries have additional programs that will benefit
10 BCBMT. For instance, HCSC's MEDecision care management programs for the
11 chronically ill can help BCBCMT reduce medical expenses and improve overall managed
12 care capabilities for helping those members who are chronically ill. In addition,
13 BCBSMT can benefit from the private exchange platform of HCSC's partially-owned
14 subsidiary, Bloom Health, which can be used to offer an exchange-based solution for
15 defined contribution group plans. As another example, HCSC's individual business
16 administrator, Hallmark, can help BCBSMT reduce its administrative expenses on a per
17 member basis and improve its internal operations for its approximately 30,000 individual
18 members. Moreover, BCBSMT can offer a wide variety of ancillary products, including
19 life and dental insurance underwritten by HCSC's life insurance company, Dearborn
20 National and its dental administrator Dental Network of America.

21 **Q. WHY WILL ALL OF THESE SYSTEMS BENEFIT BCBSMT MEMBERS?**

1 A. These systems will benefit BCBSMT members because HCSC possesses a common set
2 of platforms which allow for scale and efficiency. HCSC has a single system design that
3 is customized and is focused on economies of scale, which helps contain costs. In
4 addition, HCSC spends annually approximately \$200M to \$300M on information
5 technology, and has made investments totally approximately \$2.4B in information
6 technology over the past 10 years, in order to improve, upgrade and develop new systems
7 that will benefit its members.

8 **Q. DOES HCSC HAVE PRIOR EXPERIENCE WITH CONSOLIDATING**
9 **OPERATIONS?**

10 A. Yes. As I previously mentioned, HCSC has experience successfully consolidating, or
11 integrating, three other Blue Cross and Blue Shield plans. Namely, HCSC successfully
12 completed full scale integrations in Texas in 1998, in New Mexico in 2001, and in
13 Oklahoma in 2005. Therefore, we have developed significant expertise in how to
14 effectively manage integrations that do not disrupt core operations including claims and
15 customer service.

16 **Q. HOW HAS HCSC BEEN ABLE TO SUCCESSFULLY CONSOLIDATE OTHER**
17 **BLUE CROSS AND BLUE SHIELD PLANS?**

18 A. HCSC has developed a defined, consistent and repeatable integration approach in
19 consolidating the operations of other Blue Cross and Blue Shield plans. HCSC leverages
20 the lessons that it learned on each of these integrations, and implements those with its
21 internal best practices for each subsequent consolidation. HCSC also has an array of
22 integration focused documentation that captures current processes and systems which

1 accelerate ramp up at the outset of an integration event. This approach results in an
2 integration that is seamless to our new members that join HCSC after the close of a
3 transaction.

4 **Q. IS THERE A PARTICULAR APPROACH THAT HCSC USES IN ITS**
5 **CONSOLIDATIONS?**

6 **A.** Yes. HCSC has maintained a simple, yet consistent integration approach that involves
7 collaboration to integrate systems and processes while balancing local objectives and
8 needs. More specifically, HCSC converts the simplest line(s) of business first,
9 establishing core functionality and setting the foundation upon which we add complexity
10 as the conversion progresses. A key success factor is that HCSC leverages its standard
11 capabilities and product portfolio. This builds scale and potential to price more
12 competitively, while also providing for new and improved capabilities.

13 **Q. WHAT SPECIFIC ACHIEVEMENTS WERE ACCOMPLISHED THROUGH**
14 **THE CONSOLIDATION ACTIVITIES?**

15 **A.** HCSC was able to transition three Blue Cross Blue Shield Plans while enhancing
16 customer satisfaction, reducing costs, and growing its book of business. More
17 specifically, HCSC accomplished the following:

- 18 • Increased overall customer satisfaction during the transition period;
- 19 • Improved overall HCSC claims processing productivity;
- 20 • Reduced overall cost per claim;

- 1 • Combined the organizations through the use of common technology and operating
- 2 system platforms;
- 3 • Improved capital resources;
- 4 • Provided stability and increased opportunities to employees; and
- 5 • Achieved membership growth in Texas, New Mexico and Oklahoma.

6 By way of example, Oklahoma saw a 47% increase in its membership in a five year span,
7 with corresponding growth in employment. In addition, as a result of the Texas alliance,
8 the Texas plan experienced dramatic increases in sold National and Labor accounts,
9 leading to a significant increase in membership of approximately 148% since the alliance.

10 As a result of the New Mexico alliance, the New Mexico plan experienced improved
11 capital resources, gained a long-term state-of-the-art administrative and technology
12 platform, achieved competitive market pricing, and gained the ability to bid on new
13 market opportunities and prevent erosion, resulting in a membership increase of 30%
14 since 2001. New Mexico has also seen an increase in its workforce since the alliance of
15 nearly 38% as a result of HCSC relocating certain enterprise functions in a new customer
16 service center.

17 In addition to the accomplishments I mentioned above, alliances with HCSC have also
18 led to greater community investments in our plans. As an example, HCSC has invested
19 in a multi-year initiative to improve health and wellness of at least 1 million children over
20 three years in the states in which we do business through a program called Healthy Kids,
21 Healthy Families (HKHF). In 2011 and 2012, HKHF has funded almost 200 outcomes-
22 based programs. As another example, HCSC has funded playground builds in all of our

1 states to provide safe play environments and to encourage activity in children. Over the
2 last four years HCSC has supported the creation of 29 new playgrounds across our four
3 states.

4 **Q. IS THERE A SPECIAL TEAM WITHIN HCSC THAT HANDLES THE**
5 **INTEGRATION OF OTHER PLANS INTO HCSC OPERATIONS?**

6 **A.** Yes. HCSC has a dedicated group of approximately 25 transition specialists, whose sole
7 responsibility is to work on the integration of BCBSMT into HCSC's operations. These
8 individuals have various backgrounds and work in various departments within HCSC,
9 such as IT, Finance, Human Resources, and the Project Management Office. In addition,
10 we call upon other staff in the organization to support system transitions, and specialized
11 project staff dedicated to an integration such as this one if the alliance is approved and the
12 transaction closes can number in the hundreds at peak times.

13 **Q. HOW DOES THE TRANSITION TO HCSC'S SYSTEMS BENEFIT BCBSMT**
14 **POLICYHOLDERS?**

15 **A.** Competitive strength in the health care industry is dependent more and more on
16 economies of scale, access to state-of-the-art technology and the ability to use it to the
17 benefit of the customer. With HCSC's size and systems, BCBSMT is better positioned to
18 provide its members with cost effective, quality health care, as well as be able to process
19 claims better and faster without having to incur the total cost itself.

20 **Q. HOW MUCH WILL IT COST TO TRANSITION BCBSMT TO HCSC'S**
21 **SYSTEMS?**

1 A. We have estimated that it will cost approximately \$28 million to connect BCBSMT to
2 our systems. This entails modifying the HCSC systems to accommodate BCBSMT.
3 Importantly, this is a transition cost, not a development cost or purchase price of new IT
4 software and infrastructure. Absent the alliance, BCBSMT would need to invest
5 significantly more capital to implement these types of systems. Based on my industry
6 experience of 18 years on project portfolio and operational investments, the potential cost
7 of implementing the type of systems HCSC uses could cost over \$100 million.

8 **Q. WILL THIS TRANSACTION RESULT IN MORE PROTECTION FOR THE**
9 **POLICYHOLDER?**

10 A. Yes. In fact, the policyholder is better protected by being insured by a financially
11 stronger company.

12 **Q. DO YOU BELIEVE THAT SERVICES TO POLICYHOLDERS AND**
13 **CONSUMERS WILL IMPROVE?**

14 A. Yes, I do. With better systems BCBSMT should be able to process claims better and
15 faster. Also, with access to HCSC's on-line systems, BCBSMT's customer service
16 representatives will have better quality data available to them to share with policyholders.

17 **Q. DOES HCSC HAVE ANY PLANS TO EXIT OR DISCONTINUE TO OFFER THE**
18 **SAME PRODUCTS THAT BCBSMT CURRENTLY OFFERS ITS**
19 **POLICYHOLDERS?**

20 A. Not to my knowledge.

1 **Q. WHO WILL PROCESS BCBSMT MEMBER CLAIMS AFTER THE**
2 **TRANSACTION CLOSES?**

3 **A.** Most claims will continue to be processed in Montana, because HCSC typically
4 processes most of its claims in the local states where the business resides. In certain
5 instances, however, HCSC leverages its scale to combine certain business segments
6 across its four BCBS plan states so that those segments are housed in single centers of
7 excellence for purposes of cost efficiency and subject matter expertise. For example,
8 HCSC houses its claims services for members covered by FEP in Abilene, Texas. The
9 FEP center in Abilene, services claims for the FEP business from Illinois, Texas, New
10 Mexico and Oklahoma. Claims for BCBSMT members covered by FEP would also be
11 serviced out of HCSC's Abilene service center, to take advantage of HCSC's efficiencies
12 and expertise in this area.

13 **Q. WHERE WILL BCBSMT MEMBER CUSTOMER SERVICE AND MEMBER**
14 **COMPLAINTS BE RESOLVED?**

15 **A.** HCSC currently plans to continue having customer service functions for BCBSMT
16 members performed in Montana, including the resolution of member complaints, other
17 than services performed in connection with BCBSMT's FEP members, which will be
18 performed in Abilene, Texas.

19 **Q. ARE THERE OTHER EXAMPLES OF WHERE HCSC'S SCALE AND**
20 **SYSTEMS WILL HELP BENEFIT BCBSMT MEMBERS?**

21 **A.** Yes. Due to HCSC's size and information technology infrastructure and capabilities,
22 HCSC is able to handle work from all of its BCBS plan states across its processing

1 centers to ensure consistent and timely service for all of HCSC's members. HCSC has
2 had past experience where its processing centers in certain states had to be closed
3 temporarily due to extreme weather conditions, and yet member claims were processed
4 timely and efficiently across HCSC's processing centers located in other locations or
5 states. This type of capability will benefit BCBSMT members if the proposed transaction
6 is approved and closes.

7 **Q. CAN YOU GIVE US SOME EXAMPLES OF WHEN THAT HAS HAPPENED?**

8 **A.** Yes. A few years ago a tornado hit one of our regional offices in Illinois. The office was
9 out of commission for at least a week for repairs. The office's work was immediately
10 redistributed electronically. Both claims processing and member calls were re-routed for
11 handling at other sites with no disruption in service. Another more common example
12 would be ice storms in Texas. This has happened at least once a winter season. The
13 magnitude of the impact of the ice storms has varied from significantly slowing the city
14 down to a crawl to shutting it down completely. Again, the re-routing of calls happened
15 immediately in response to the situation. Our Contract Management Center in
16 Richardson, Texas manages these situations by providing oversight and optimal call
17 routing across all our call centers.

18 **Q. FROM AN OPERATIONS PERSPECTIVE, DOES THIS ALLIANCE CREATE**
19 **ANY BENEFITS TO BCBSMT WITH RESPECT TO THE CHANGES**
20 **EXPECTED IN THE MARKETPLACE WITH THE CREATION OF PUBLIC**
21 **EXCHANGES?**

1 A. Yes, HCSC has made significant investment and committed a number of resources for the
2 purpose of preparing its plans for the opening of the exchanges. Specifically, HCSC has
3 created a program called Next Generation (“NGen”) to help its plans get ready for the
4 public exchanges. The NGen team consists of over 1,000 employees who have logged
5 over 300,000 hours over the past two years in this effort. The NGen team is
6 implementing new technologies and enhancing systems across the HCSC enterprise to
7 support retail capabilities, implementing a new sales call center, training plans to have the
8 skilled workforce necessary to sell, support and service exchange members, and
9 implementing enhanced web and mobile capabilities. The NGen program will enable
10 HCSC to meet exchange readiness goals when the exchanges go live later this year. By
11 aligning with HCSC, BCBSMT will benefit from all the work HCSC has already done
12 through the NGen program to prepare its plans for the public exchanges. With the benefit
13 of the NGen program, BCBSMT will be well-positioned to participate and succeed in the
14 exchange market.

15 **Q. YOU PREVIOUSLY STATED THAT CERTAIN SERVICES WILL BE**
16 **PERFORMED IN MONTANA. SPECIFICALLY, WHY WILL THOSE**
17 **SERVICES BE PERFORMED IN MONTANA?**

18 A. HCSC believes that those services that are the closest to the customer need to be handled
19 locally. Our track record in Texas, New Mexico and Oklahoma supports this approach.

20 **Q. WILL HCSC OFFER EMPLOYMENT TO BCBSMT EMPLOYEES?**

21 A. Yes. HCSC is committed to maintaining and growing jobs in Montana. A significant
22 factor in HCSC’s success in these other states has been its commitment to maintaining

1 local executive leadership and an emphasis on strong local presence. In addition, an
2 alliance with BCBSMT will afford HCSC an opportunity to strengthen its workforce by
3 adding BCBSMT executives with non-investor owned Blue Cross and Blue Shield plan
4 experience, as well as virtually all of BCBSMT's employees, many of whom have
5 extensive health care insurance experience and strong familiarity with BCBSMT's
6 providers, vendors and member groups.

7 HCSC also hopes to create new jobs in Montana. While plans are preliminary, HCSC
8 and BCBSMT are considering opening a 100-plus employee customer center in Montana.
9 The serious consideration of Montana affirms HCSC's commitment to the state of
10 Montana, demonstrating through actions our belief that Montana is a good place to
11 expand HCSC's operations. If opened, this new call center would create new jobs in
12 Montana, adding to BCBSMT's current workforce of 500 employees, most of whom are
13 based in Helena. These new employees would perform call center activities and take
14 inquiries from providers and hospitals to determine eligibility of services for patients
15 across all four HCSC Blues plans. The local economy would benefit too, from builders
16 being hired for the site renovation to an increase in people shopping and eating locally.

17 **Q. DO YOU HAVE ANY FINAL THOUGHTS YOU WOULD LIKE TO SHARE?**

18 **A.** As I have explained in my testimony, HCSC offers BCBSMT significant operational
19 advantages through its advanced technology systems and capabilities. With an alliance
20 with HCSC, BCBSMT will be able to offer better customer services, expand its services,
21 achieve scale advantages, and increase its efficiency. HCSC has experience in

1 integrating plans to its systems and can effectively integrate the BCBSMT system
2 without disruption to its core operations.

3 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

4 **A. Yes.**

VERIFICATION

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

I, James L. Kadela, being first duly sworn, upon my oath, state that I have read, know and understand the contents of the foregoing testimony and that the statements contained therein are true and correct to the best of my knowledge, information and belief.

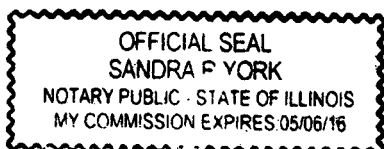
James L. Kadela
James L. Kadela

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this 7th day of February, 2013, by James L. Kadela.

Sandra R. York
NOTARY PUBLIC

My Commission Expires:

May 6, 2016



Respectfully submitted this 8 day of February, 2013.

KELLER, REYNOLDS, DRAKE,
JOHNSON & GILLESPIE, P.C.

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CERTIFICATE OF SERVICE

I, Jacqueline T. Lenmark, KELLER, REYNOLDS, DRAKE, JOHNSON & GILLESPIE, P.C., certify that on Feb 8, 2013, I served a true and correct copy of the foregoing Direct Testimony of James L. Kadela, by mailing it first class postage prepaid to:

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DATED this 8 day of February, 2013.

Jacqueline T. Lenmark
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