

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

IN THE MATTER OF:)	Case No.: INS-2014-139
)	
BLUE CROSS AND BLUE SHIELD OF)	CONSENT AGREEMENT AND FINAL ORDER
MONTANA, a Division of HEALTH)	
CARE SERVICE CORPORATION, a)	
Mutual Legal Reserve Company,)	
Respondent.)	

This Consent Agreement and Final Order (Agreement) is entered into by the Office of the Commissioner of Securities and Insurance, Montana State Auditor (CSI), acting pursuant to the authority of the Montana Insurance Code, Mont. Code Ann. § 33-1-101 et seq. (Code), and Blue Cross and Blue Shield of Montana, a Division of Health Care Service Corporation, a Mutual Legal Reserve Company (BCBSMT).

RECITALS

WHEREAS, BCBSMT is a licensed disability insurer (Certificate of Authority #4838) doing business in Montana as Blue Cross and Blue Shield of Montana;

WHEREAS, BCBSMT is the largest issuer of health insurance policies in Montana;

WHEREAS, beginning in 2012, BCBSMT began to convert from the QNXT claims adjudication system of the former Blue Cross and Blue Shield of Montana, Inc., now known as Caring for Montanans Foundation, to the Blue Chip claims adjudication system;

WHEREAS, BCBSMT implemented key technology initiatives and processes and procedures to prepare for open enrollment and other critical health reforms required by the Patient Protection and Affordable Care Act (ACA), beginning on and after January 1, 2014;

WHEREAS, to comply with the requirements of the ACA, BCBSMT implemented all new products and benefit designs in 2014 for its individual and small group policyholders;

WHEREAS, in the first half of 2014, the CSI noted over a 200 percent increase from the previous year in complaints from consumers enrolled in BCBSMT plans;

WHEREAS, BCBSMT consumer complaints centered primarily on the following areas:

- a. promptness and competency of BCBSMT customer service;
- b. issuance of policy documents;
- c. application of premium payments;
- d. calculation and attribution of deductible payments;
- e. billing and invoicing; and
- f. claim processing.

WHEREAS, the CSI alleges that BCBSMT failed to timely and fully respond to the CSI when the CSI contacted BCBSMT regarding consumer complaints;

WHEREAS, the CSI alleges that BCBSMT violated § 33-1-315(5) by knowingly failing to answer in writing to certain material inquiries of the CSI during the course of CSI's investigation;

WHEREAS, BCBSMT neither admits nor denies that it violated § 33-1-315(5);

WHEREAS, BCBSMT has cooperated with the CSI and is acting to resolve the servicing issues giving rise to consumer complaints; and

WHEREAS, the parties agree that the best interests of the public would be served by entering into this Agreement.

NOW, THEREFORE, in consideration of the mutual undertakings contained in this Agreement, the parties agree to settle this matter with the following terms and conditions:

AGREEMENT

The CSI and BCBSMT stipulate and consent to the following:

A. Administrative Penalty

1. Within thirty (30) calendar days from the date of this Agreement, BCBSMT must pay an administrative penalty in the amount of \$500,000 to the Commissioner of Securities and Insurance, Montana State Auditor, c/o Jesse Laslovich, 840 Helena Avenue, Helena, MT 59601.

B. Contribution

1. Within thirty (30) calendar days from the date of this Agreement, BCBSMT must contribute a total net amount of \$500,000 to the Montana State University Foundation, Inc., a 501(c)(3) organization, for the exclusive benefit of the Center for Mental Health Research and Recovery.

C. Service Enhancements

1. Effective immediately, BCBSMT must establish an experienced call center team dedicated to serving Montana individual policyholders. During the Health Insurance Marketplace open enrollment period, November 15, 2014, through February 15, 2015, BCBSMT must staff the dedicated call center team with no fewer than fifty

(50) customer advocates. The call center team must be available Monday through Friday, 7:00 a.m. to 9:00 p.m., MST/MDT. BCBSMT must use other multi-state resources when circumstances so necessitate to provide prompt and continued services to Montanans during the agreed upon time period.

2. BCBSMT must continue to staff an appeals team in Montana to handle Montana individual policyholder appeals. BCBSMT must use multi-state resources when circumstances so necessitate to provide prompt and continued services to Montanans.
3. BCBSMT must continue to offer a Montana escalation process for insurance agents.
4. BCBSMT must continue to enable BCBSMT members to access and print an online 30-day temporary identification card to verify proof of coverage.
5. BCBSMT must continue to follow the Member Outreach and Monitoring Procedure.
6. BCBSMT must continue to dedicate a minimum of two full-time Montana-based employees to address consumer complaints filed with the CSI.
7. BCBSMT must continue the operation of a pharmacy escalation process (including a toll-free number) to allow BCBSMT members to fill prescriptions according to their respective benefit plans if they believe they have met their deductible amount.
8. BCBSMT must continue to implement system enhancements, technical upgrades, and process improvements necessary to address and improve customer service. Any future significant system conversions that may impact Montana customer service must be communicated in writing to the CSI prior to initiation of the significant system conversion.
9. BCBSMT must offer an online chat capability to enable individual policyholders and applicants to communicate online directly with BCBSMT sales representatives.

10. BCBSMT must continue to provide the CSI with substantive responses within ten (10) business days from its receipt of a complaint filed with the CSI. If BCBSMT requires additional time to substantively respond to the complaint, it will request an extension from the CSI prior to the close of the tenth business day, approval of which will not be unreasonably withheld, as determined by the CSI. Every written response from BCBSMT must be signed by the actual author of the response.
11. BCBSMT must continue to provide an automated call-back feature to give callers the option to request a call back as an alternative to holding for the next BCBSMT customer advocate.

D. Performance Guarantee

1. BCBSMT must meet the following performance guarantees for BCBSMT individual policyholders for every category listed below for each quarter of 2015. The measurement of the performance guarantees shall be completed and filed with the CSI within thirty (30) calendar days from the end of each quarter. For any quarter in which BCBSMT misses a performance guarantee, the CSI may assess on BCBSMT an administrative penalty of up to \$25,000 per quarter. No other penalties or actions may be assessed or taken for missing a performance guarantee. Any amounts assessed hereunder must be paid by BCBSMT to the Commissioner of Securities and Insurance, Montana State Auditor, c/o Jesse Laslovich, 840 Helena Avenue, Helena, MT 59601.

Category	Definitions	Performance Guarantee
1)First Contact Resolution (FCR)	FCR is the percent of BCBSMT retail member inquiries that were completely resolved	50%

	<p>with one call, requiring no follow-up from the customer.</p> <p>Method of measurement: For each quarter, the First Contact Resolution is a telephonic survey conducted with BCBSMT retail members who have had a recent call to customer service. The survey results are based on the percentage of BCBSMT retail members who perceive resolution was achieved in one call.</p>	
2) Average Speed of Answer	<p>Average Speed of Answer of Telephone Calls: The average speed of answer of BCBSMT retail member telephone calls received by a Customer Advocate.</p> <p>Method of measurement: The Average Speed of Answer is provided by telephone reports that compute the average time that callers spend on hold waiting for their call to be answered. The standard is measured using BCBSMT retail member calls. The measurement will be calculated by averaging all applicable calls received each quarter.</p>	<p>Quarters 1 and 4: 7 minutes or less Quarters 2 and 3: 5 minutes or less</p>
3) Claims Processing Turnaround Time	<p>Claims Processing Turnaround Time means the period beginning on the date the BCBSMT retail member claim is received for processing through the date the claim passes all system edits and benefits are approved or denied. The performance</p>	<p>90 percent</p>

	<p>guarantee is measured as a percent of all BCBSMT retail member claims processed within 30 calendar days. BlueCard claims are excluded from this measurement.</p> <p>Method of measurement: For each quarter, the number of BCBSMT retail member claims processed in 30 calendar days divided by the total number of BCBSMT retail member claims processed. BCBSMT will exclude, and not measure, claims for BCBSMT retail members whose coverage is not yet effective or who are in a grace period.</p>	
4) Claim Financial Accuracy	<p>Claim Financial Accuracy means the percent of dollars paid accurately for BCBSMT retail members in accordance with the applicable provisions of the medical benefit coverage.</p> <p>Method of measurement: The accuracy rate is determined from a statistically valid random sample audit of all BCBSMT retail members claims paid during the quarter.</p>	97 percent
5) CSI Inquiry Timeliness	<p>CSI Inquiry Timeliness means the period beginning on the date the inquiry is received by BCBSMT through the date the response is answered or a request for extension is sent.</p> <p>Method of measurement: The performance guarantee is measured as a percent of all CSI inquiries received for the applicable quarter in which</p>	97 percent

	BCBSMT either responds or requests an extension within 10 business days.	
6) Pharmacy Hotline First Contact Resolution	<p>Pharmacy Hotline First Contact Resolution means the percent of calls from pharmacies related to BCBSMT retail members made to the Pharmacy Hotline related to eligibility and out-of-pocket amounts which are resolved on the same date as the date of the initial contact.</p> <p>Method of measurement: For each quarter, the number of calls from pharmacies related to BCBSMT retail members that are resolved on the same date as the date of the initial contact divided by the total number of calls received.</p>	90 percent

E. Miscellaneous Provisions

1. Except as provided in Section E.5 below, BCBSMT specifically and affirmatively waives a contested case hearing and its right to appeal under the Montana Administrative Procedure Act, § 2-4-101 et seq. (MAPA), and elects to resolve this matter on the terms and conditions set forth herein.
2. BCBSMT acknowledges that its authorized representative has read and understood each term of this Agreement, and that BCBSMT enters into this Agreement voluntarily and without reservation.
3. BCBSMT and its members, officers, employees, agents, and representatives fully and forever release and discharge the CSI from any and all actions, claims, causes of

action, demands, or expenses for damages or injuries, whether asserted or unasserted, arising out of the Recitals.

4. This Agreement resolves the matters set forth in the Recitals. The CSI warrants and represents that the CSI will not bring any further action against BCBSMT, or assess any other penalties not otherwise identified in this Agreement, arising from the same or substantially similar conduct set out in the Recitals through December 31, 2014. Any action taken or penalties assessed against BCBSMT after that date are subject to the terms of this Agreement.
5. Excluding a failure to meet a performance guarantee as set forth in Section D of this Agreement, the CSI may assess on BCBSMT an administrative penalty of up to \$75,000 in the aggregate for any quarter in 2015 in which BCBSMT does not meet a term or terms of this Agreement or engages in the same or substantially similar conduct as alleged in the Recitals. Unless the parties agree otherwise, within forty five (45) calendar days after the end of each quarter, the CSI will provide written communication of any alleged violation of this Agreement occurring in the preceding quarter. Prior to the initiation of a CSI action for any alleged violation, and unless otherwise agreed to by the parties, BCBSMT will have no less than thirty (30) and no more than one hundred twenty (120) calendar days to cure the alleged violation. If BCBSMT cures the alleged violation within the time period, the CSI will not initiate an action or impose an administrative penalty against BCBSMT. If the CSI believes BCBSMT has failed to cure the alleged violation, and unless otherwise agreed to by BCBSMT and the CSI, the CSI will file an action under Title 33 and MAPA based only on BCBSMT conduct alleged to have occurred in 2015, and without reference to

any conduct by BCBSMT that is the same or substantially similar to the conduct alleged in the Recitals for the time period January 1, 2014, through December 31, 2014, to seek the relief identified in this section.

6. BCBSMT must consult periodically with the CSI regarding this Agreement to ensure compliance with its terms and with a view to resolving any issues that may arise. BCBSMT must continue its cooperation with the CSI, and must timely respond to requests for information to evidence compliance with this Agreement.
7. This Agreement is entered without adjudication of any issue, law, or fact. It is entered solely for the purpose of resolving the matter described in the Recitals and is not intended to be used for any other purpose. For any person or entity not a party to this Agreement, this Agreement does not alter, limit, or create any private rights or remedies against the parties.
8. The matters alleged in the Recitals, whether asserted or unasserted, are resolved, and accordingly, any conduct by BCBSMT that is the same or substantially similar to the conduct alleged in the Recitals for the time period January 1, 2014, through December 31, 2014, is not subject to any CSI market conduct examination or other examination of BCBSMT, nor subject to any CSI-imposed monetary or other penalties under Title 33 not otherwise identified in this Agreement, nor subject to any allegation of any statutory violation not otherwise identified in this Agreement. This provision does not apply to any conduct or statutory violations not alleged in the Recitals, nor does it apply to any conduct arising outside the dates of January 1, 2014, through December 31, 2014. Any action taken or penalties assessed against BCBSMT after that date are subject to the terms of this Agreement.

9. Nothing contained herein shall be construed as grounds for loss of certification or plan suppression, or to otherwise affect the ability of BCBSMT to offer, sell or administer Qualified Health Plans (QHPs), whether on or off the Health Insurance Marketplace, or to enroll consumers into such QHPs.
10. This Agreement constitutes the entire agreement between the parties on this matter. No other promises or agreements, either express or implied, have been made between the CSI or any member, officer, employee, agent, or representative of the CSI, and BCBSMT or any member, officer, employee, agent, or representative of BCBSMT, related to this matter.
11. This Agreement may not be modified orally. Any subsequent modifications to this Agreement must be in a mutually-agreed writing with the same formality as this Agreement.
12. This Agreement shall be incorporated into and made part of the attached Final Order issued by the Commissioner of Securities and Insurance, Montana State Auditor, herein.
13. This Agreement shall be effective upon signing of the Final Order and shall terminate December 31, 2015.
14. This Agreement and Final Order are public records under Montana law and as such may not be sealed or otherwise withheld from the public.

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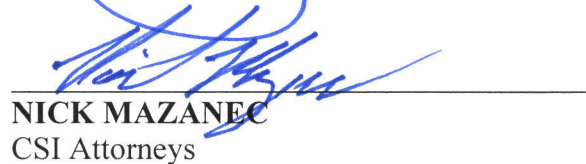
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DATED this 10th day of December, 2014

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



JESSE LASLOVICH



NICK MAZANEC
CSI Attorneys

DATED this 10th day of December, 2014

**BLUE CROSS AND BLUE SHIELD OF
MONTANA, a Division of HEALTH
CARE SERVICE CORPORATION,
a Mutual Legal Reserve Company**



MARY BELCHER
Vice President and General Counsel