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FILED
SEP 09 2019
Department of Insurance
State of Idaho

Attorneys for the Department of Insurance

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:

BLUE CROSS OF IDAHO CARE PLUS,
INC.

Certificate of Authority No. 4191
NAIC No. 15022

Docket No. 18-3691-19

**ORDER ADOPTING REPORT
OF EXAMINATION AS OF
DECEMBER 31, 2017**

The State of Idaho, Department of Insurance (“Department”), having conducted an examination of the affairs and transactions of Blue Cross of Idaho Care Plus, Inc. (“ICP”), pursuant to Idaho Code § 41-219(1), hereby alleges the following facts that constitute a basis for issuance of an order, pursuant to Idaho Code § 41-227(5)(a), adopting the Report of Limited Market Conduct Examination of Blue Cross of Idaho Care Plus, Inc. as of December 31, 2017 (“Report”), as filed.

FINDINGS OF FACT

1. ICP is an Idaho-domiciled insurance company licensed to transact disability insurance, including managed care, in Idaho under Certificate of Authority No. 4191.

2. The Department completed an examination of ICP pursuant to Idaho Code § 41-219(1) on or about August 5, 2019. The Department's findings are set forth in the Report.

3. Pursuant to Idaho Code § 41-227(4), a copy of the Report, verified under oath by the Department's examiner-in-charge, was filed with the Department on August 5, 2019, and a copy of such verified Report was transmitted to ICP on the same date. A copy of the verified Report is attached hereto as Exhibit A.

4. Pursuant to Idaho Code § 41-227(4), ICP had thirty (30) days from August 5, 2019, to make a written submission or rebuttal with respect to any matters contained in the Report. No such written submission or rebuttal was received by the Department from ICP.

CONCLUSIONS OF LAW

5. Idaho Code § 41-227(5) provides that "[w]ithin thirty (30) days of the end of the period allowed for the receipt of written submissions or rebuttals, the director shall fully consider and review the report, together with any written submissions or rebuttals and relevant portions of the examiner's work papers" and shall enter an order adopting the report of examination as filed or with modifications or corrections, rejecting the report and reopening the examination, or calling for an investigatory hearing.

6. Having fully considered the Report, the Director concludes that the comments and recommendations contained in the Report are appropriate.

ORDER

NOW, THEREFORE, based on the foregoing, IT IS HEREBY ORDERED that the Report of Limited Market Conduct Examination of Blue Cross of Idaho Care Plus, Inc. as of December 31, 2017 is hereby ADOPTED as filed, pursuant to Idaho Code § 41-227(5)(a).

IT IS FURTHER ORDERED, pursuant to Idaho Code § 41-227(8), that the adopted Report is a public record and shall not be subject to the exemptions from disclosure provided in chapter 1, title 74, Idaho Code.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 41-227(6)(a), that, within thirty (30) days of the issuance of the adopted Report, ICP shall file with the Department's Deputy Chief Examiner affidavits executed by each of its directors stating under oath that they have received a copy of the adopted Report and related orders.

IT IS SO ORDERED.

DATED and EFFECTIVE this 6th day of September, 2019.

STATE OF IDAHO
DEPARTMENT OF INSURANCE



DEAN L. CAMERON
Director

NOTIFICATION OF RIGHTS

This is a final order of the agency. Any party may file a motion for reconsideration of this final order within fourteen (14) days of the service date of this order. The agency will dispose of the motion for reconsideration within twenty-one (21) days of its receipt, or the motion will be considered denied by operation of law. See Idaho Code § 67-5246(4).

Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order or orders previously issued in this case may file a petition for judicial review in the district court of the county in which:

- i. A hearing was held;
- ii. The final agency action was taken;
- iii. The party seeking review of the order resides, or operates its principal place of business in Idaho; or
- iv. The real property or personal property that was the subject of the agency action is located.

A petition for judicial review must be filed within twenty-eight (28) days of: (a) the service date of this final order, (b) the service of an order denying motion for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a motion for reconsideration, whichever is later. See Idaho Code § 67-5273. The filing of a petition for judicial review does not itself stay the effectiveness or enforcement of the order under appeal. Idaho Code § 67-5274.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on this 9th day of September, 2019, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXAMINATION AS OF DECEMBER 31, 2017 to be served upon the following by the designated means:

Blue Cross of Idaho Care Plus, Inc.
Attn: Charlene Maher, President and CEO
3000 E. Pine Avenue
Meridian, ID 83642

☐ first class mail
☒ certified mail
☐ hand delivery
☐ email

Nathan Faragher
Chief Examiner, Company Activities Bureau Chief
Idaho Department of Insurance
700 W. State Street, 3rd Floor
P.O. Box 83720
Boise, ID 83720-0043
nathan.faragher@doi.idaho.gov

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☐ certified mail
☐ hand delivery
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DEPARTMENT OF INSURANCE

STATE OF IDAHO



REPORT OF LIMITED MARKET CONDUCT EXAMINATION

Of

BLUE CROSS OF IDAHO CARE PLUS, INC.

NAIC Company Code 15022

Located At:
3000 E PINE AVENUE
MERIDIAN, ID 83642

As of

December 31, 2017



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State of Idaho
DEPARTMENT OF INSURANCE

BRAD LITTLE
Governor

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DEAN L. CAMERON
Director

Meridian, Idaho
August 5, 2019

The Honorable Dean L. Cameron
Director of Insurance
State of Idaho
700 West State Street
P. O. Box 83720
Boise, Idaho 83720-0043

Dear Director:

Pursuant to your instructions, in compliance with Section 41-219(1), Idaho Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (NAIC), we have conducted a Market Conduct examination as of December 31, 2017, of the corporate affairs of:

Blue Cross of Idaho Care Plus, Inc.
3000 East Pine Avenue
Meridian, Idaho 83642

hereinafter referred to as the "Company," at its offices in Meridian, Idaho. The following Report of Examination is respectfully submitted.

FOREWORD

This examination utilized the exception approach, whereas only exceptions or errors were noted in this report. Comments regarding additional practices, procedures and files subject to review during the examination were omitted from the report if no improprieties were identified. The examination was conducted at the Company headquarters in Meridian, Idaho by examiners from the State of Idaho, in accordance with Section 41-219(1), Idaho Code, and with the National Association of Insurance Commissioners (NAIC) examination standards established in the most recent *Market Regulation Handbook*.

SCOPE OF EXAMINATION

This limited-scope market conduct examination covered the period February 21, 2013 (inception date), through December 31, 2017. The examination consisted of a review of the Company's:

- Producer licensing;
- Licensed lines of business;
- Medicare Supplement – replacement requirements and suitability assessments, identification of advertisements and content requirements, marketing prohibited acts and terms;
- Complaint handling – complaint register, complaint handling procedures, resolution of complaints, timeline of resolution;
- Compliance to Mental Health Parity law – specifically on the benefits between mental health and general medical coverage;
- Specific inquiry – injectable medications.

In addition to the Report of Examination, a Management Letter was issued to the Company by the Department which covered items that were not included in the Report due to the materiality threshold and items that were related to proprietary/operational issues.

Failure to identify or discuss improper or noncompliant business practices in this state or other jurisdictions does not constitute acceptance of such practices. This report shall not be used for advertising purposes.

HISTORY AND DESCRIPTION

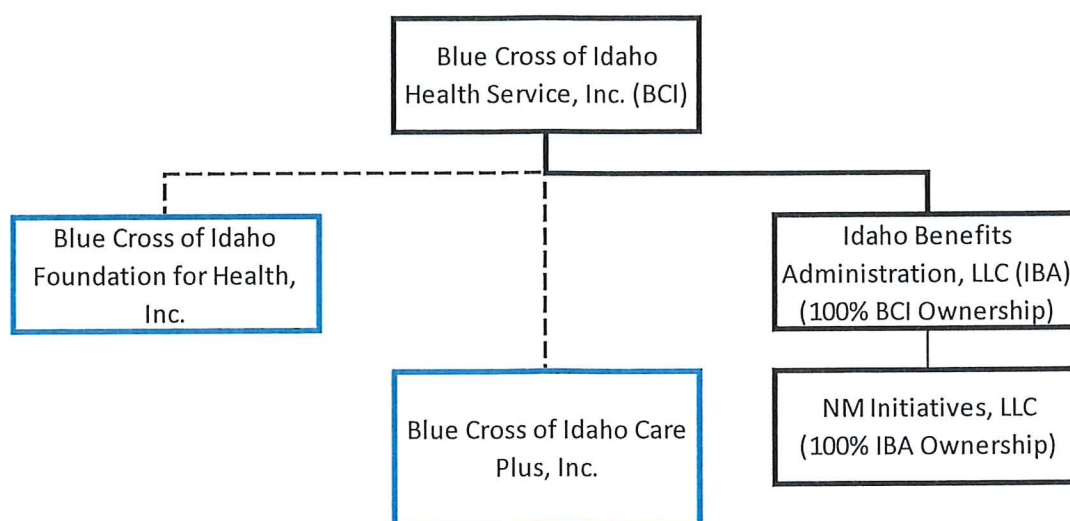
Blue Cross of Idaho Care Plus, Inc. (ICP), is a taxable not-for-profit corporation that was formed on February 19, 2013. It is authorized to do business in the State of Idaho under Title 41, Chapter 39 of the Idaho Code. The Company was formed by BCI, to promote public welfare by providing managed care programs that lower the costs and improve the outcomes of members on government health programs such as Medicare and Medicaid.

In February 2013, BCI funded the Company with \$1 million to meet statutory capital requirements, with additional funding in the form of surplus notes provided thereafter for a total of \$50 million as of December 31, 2017. The Company began insurance operations on October 1, 2014, after approval from the Centers for Medicare and Medicaid Services (CMS).

MANAGEMENT AND CONTROL

Insurance Holding Company System

The Company is a member of an insurance holding company system. BCI is the ultimate controlling person, as depicted in the following organizational chart as of December 31, 2017:



As previously reported, the Company was created on February 19, 2013. BCI filed the holding company registration statement with the Idaho Department of Insurance relating to the formation of this entity on March 8, 2013.

TERRITORY AND PLAN OF OPERATION

The Company is licensed only in the State of Idaho as a taxable non-profit corporation authorized to write disability insurance, including managed care. In addition to the home office located in Meridian, Idaho, the Company maintains four district offices located throughout the State of Idaho in the cities of Coeur d'Alene, Idaho Falls, Pocatello, and Twin Falls. The primary functions of the district offices include marketing, policyholder service, and writing new business. Claims processing is performed in the home office.

During the examination period, the Company provided Medicare Supplement plans, and Medicare Advantage plans.

The Company does not have any employees. Through an administrative services agreement between the Company and its affiliate, BCI, BCI provides various services for the operations of the Company.

The Company marketed its insurance products through BCI commissioned producers and agencies and utilized a field force of approximately zero (0) appointed producers. As of December 31, 2017, the Company has 1,134 Medicare Supplement policies in force in the State of Idaho equivalent to \$311,716,582 business written. The company is 4th largest in market share in the State of Idaho.

EXECUTIVE SUMMARY

The limited-scope market conduct examination did not change from the original scope of the examination. No additional items were added or removed from the original scope under review.

A noncompliant practice was identified. The Company is directed to take immediate corrective action to demonstrate its ability and intention to conduct business according to Idaho insurance laws and regulations.

COMMENTS AND RECOMMENDATIONS

A.) Producer Appointments

ICP has not appointed any producers since initiating sales of Medicare Supplement products in December 2016. Pursuant to Idaho Code § 41-1018(1), an insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer.

It is the responsibility of the Company to appoint a producer who is to act as its agent. Idaho Code § 41-1018(2) and (3) describes how an agent is appointed by an insurer.

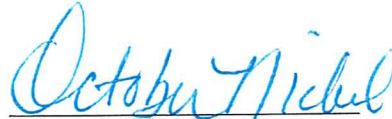
Recommendation:

It is recommended that the Company develop a process for appointing agents in compliance with Idaho Code §41-1018(2) and (3). Additionally, the company is requested to submit a list of agents currently soliciting products that are not appointed and notify the Department when all agents have been properly appointed and the company is in compliance with Idaho Code § 41-1018.

ACKNOWLEDGEMENTS

The undersigned acknowledges the assistance and cooperation of the Company's officers and employees in conducting an examination.

Respectfully submitted,



October Nickel, AIE, AIRC,
APIR

Market Conduct Examiner-
in-Charge

State of Idaho

Department of Insurance



Hermoliva Abejar, CFE
Chief Deputy Examiner

Market Conduct –

Supervising Examiner

State of Idaho

Department of Insurance



AFFIDAVIT OF EXAMINER

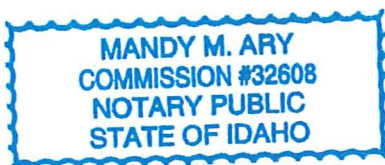
State of Idaho
County of Ada

October Nickel, being duly sworn, deposes and says that she is a duly appointed Examiner for the Department of Insurance of the State of Idaho, that she has made an examination of the affairs of Blue Cross of Idaho Care Plus, Inc. for the period from February 21, 2013 through December 31, 2017, including subsequent events, that the information contained in the report consisting of the foregoing pages is true and correct to the best of her knowledge and belief, and that any conclusions and recommendations contained in the report are based on the facts disclosed in the examination.

October Nickel

October Nickel, AIE
Market Conduct Examiner-in-Charge
Department of Insurance
State of Idaho

Subscribed and sworn to before me the 5th day of August, 2019 at Boise, Idaho



Mandy M. Ary
Notary Public

My commission expires: 7/24/24