GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF INSURANCE, SECURITIES AND BANKING
810 FIRST ST., NE, SUITE 701
WASHINGTON, DC 20002

IN THE MATTER OF:

Group Hospitalization and Medical Services, Inc., Individual Non-Medigap PPO/Blue Preferred Underwritten Saver Plan

CASE No. IB-RF-02-10

ORDER

Background

On September 14, 2009, Group Hospitalization and Medical Services, Inc. ("GHMSI") filed with the Department of Insurance, Securities and Banking ("Department") a rate proposal for GHMSI Inc., d/b/a CareFirst BlueCross BlueShield's Individual, Non-Medigap, PPO/Blue Preferred Underwritten (Standard, Saver and Health Savings Account (H.S.A.) Plans) and HIPAA and Rx, Rate Filing #1285DC, SERFF Tracking Number CFAP-126300795 ("Filing"). In the Filing, GHMSI proposed an 18.2% rate increase to the Individual Non-Medigap PPO/Blue Preferred Underwritten Saver Plan ("Plan"). The proposed rate increase for the Plan had an effective date of January 1, 2010. The rate increase was a quarterly increase in rates for the Plan. The aggregate of the proposed rate increase and the previously approved quarterly rate increases for the Plan represented a 35% increase in the rates of the Plan charged to policyholders in the previous year.

Since the effective date of the Filing, the Department has received numerous complaints regarding increases in the premium costs of certain health insurance policies issued in the District of Columbia. The Department was concerned about the fiscal impact of the Plan's rate increases to Plan subscribers and contacted GHMSI regarding the rate increases approved for the Plan. Both the Department and GHMSI have worked cooperatively to effect a reduction of the increase in rates charged to Plan policyholders. It is determined that it is in the best interest of Plan subscribers that GHMSI rescind its requests for Plan rate increases in excess of 12% for 2010. GHMSI has consented to the Department's reduction to the annual increase in the rates of the Plan for 2010 from a quarterly 18.2% rate increase (and an aggregate going forward increase of up to 35%) to a 12% increase over the rates of the Plan's total 2009 premium and the issuance of this Consent Order.

Findings

The Department of Insurance, Securities and Banking, having reviewed the Filing, makes the following findings:

(1) The Filing increased the premium rates of the Plan by a quarterly amount of 18.2% for an annual aggregate amount of 35%, over the 2009 premium rates for the Plan;

(2) GHMSI has agreed to the Department's rescission of its approval of the Filing and any previous rate filings approved by the Department for the Plan to the extent those previous rate filings, in the aggregate, constitute an increase in the premium rates in excess of 12% of the 2009 premium rates for the Plan;

(3) GHMSI will maintain the rates for the Plan at an amount equal to a 12% increase in the Plan rates over the 2009 premium rates for the Plan for 2010; and

(4) The Department has authority to rescind the previously approved rates pursuant to section 9 of the Hospital and Medical Services Corporation Regulatory Act of 1996 (D.C. Law 11-245; D.C. Official Code § 31-3508) and in accordance with this Consent Order, GHMSI has withdrawn its request for rates increases above 12% for the Plan for 2010.

IT IS THEREFORE ORDERED, based on each of the **FINDINGS** set forth above, that the approval of the Filing provided on October 19, 2009, is hereby rescinded, and the rates approved in the Filing shall no longer be effective after March 12, 2010; and

IT IS FURTHER ORDERED, THAT, based on each of the **FINDINGS** set forth above, the approval of any previous rate filings effective in 2010 is hereby rescinded to the extent those previous rate filings, in the aggregate, constitute for 2010 an increase in the premium rates in excess of 12% of the 2009 premium rates, and such previously approved rates shall no longer be effective after March 12, 2010; and

IT IS FURTHER ORDERED, THAT, GHMSI, in its continued cooperation with the Department and for the benefit of the affected Plan policyholders, will provide refunds to Plan policyholders for any premium paid in excess of a 12% increase in the Plan premium rates charged in 2009.

It is so **ORDERED** on the date stated herein below.

Gennet Purcell
Commissioner

Dated this 12th day of March 2010.