

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

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ORDER NUMBER R98-03

WITHDRAWAL OF APPROVAL OF FORMS BCM-5000-AK, BCM-5200-AK, BCM-5500-AK, AND BCM-5600-AK PREVIOUSLY APPROVED FOR USE BY BLUE CROSS BLUE SHIELD OF ALASKA

The Director of the Division of Insurance does hereby find, as follows:

Background:

1. Blue Cross Blue Shield of Alaska (referred to hereafter as Blue Cross) filed with the Division of Insurance on November 3, 1997, amended contract forms (BCM-5000-AK (01/1998) and BCM-5200-AK (01/1998)) applicable to employer groups with 2-99 employees and revised contract and certificate forms (BCM-5500-AK (01/1998) and BCM-5600-AK (01/1998)) applicable to small employer groups with 2-50 employees. The revised and amended forms were intended to be used for new and renewal businesses on and after January 1, 1998, in Blue Cross' Alaska Traditional Program, Alaska Best Care Program, Basic Health Benefit Plan, and Standard Health Benefit Plan. These filings were assigned Division filing identification numbers of 26265 and 26266.
2. In recognition of the need to assure continuous coverage for existing contract holders, the Division on March 2, 1998, granted conditional approval for Blue Cross to renew those groups with renewal dates between January 1, 1998, and April 30, 1998, using contracts that incorporate the modifications outlined in Blue Cross' January 23, 1998, letter to the Division. This approval was contingent upon resolution of all outstanding issues and approval of the contract forms by March 31, 1998.
3. As of April 3, 1998, the remaining issue concerning newly acquired dependents coverage mandated under AS 21.42.345 has not been resolved. Effective April 1, 1998, these contract forms may not be used in Alaska for new and renewal businesses.
4. In addition, through the Division's review process of the filings, the Division discovered that Blue Cross' interpretation of AS 21.42.345(c) under its previous contract filings has not been in compliance with the statute's intent, which is to provide coverage to the newly acquired dependents for the initial 31-day period regardless of whether or not any premium is paid for the 31 days.

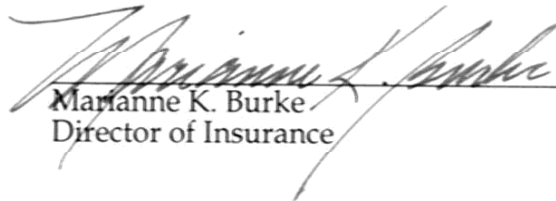
The Director hereby orders:

- A. The contract language in Blue Cross' forms as filed does not meet the requirements under AS 21.42.345(c).

- B. Blue Cross filings assigned Division filing numbers 26265 and 26266 remain disapproved, unless amendments to the filings that fully comply with AS 21.42.345 are received within 45 days and approved by the Division.
- C. The Division of Insurance, under authority vested by AS 21.39.050(c), withdraws approval of all previous and current versions of Blue Cross' Forms BCM-5000-AK, BCM-5200-AK, BCM-5500-AK, and BCM-5600-AK as of April 1, 1998 until the dependent coverage issue is resolved.

This order takes effect April 3, 1998.

Date: April 3, 1998, at Juneau, Alaska.



Marianne K. Burke
Director of Insurance

MKB/rt