

Name	CAREFIRST BCBS-58XUQY12-12022016.xml
Company	Carefirst BCBS
Consultant	Hans Leida
Discipline	Health
Status	Complete
Screener	Dave Roumonada (Contractor)
Client Status	Existing Client
Prior Health Risk Assessment	
Client Type	Private company
Difficult?	
Health Assess	
Health Accept	
Discipline:	Health
TempDueDate	
Completed Date	12/21/2016
Region	
Client Location	US
HQAddress	Canton Tower 1501 South Clinton Street Baltimore, MD 21224 Corporate Switchboard: 410-581-3000
AMBEST Rating	Not rated
Problematic Screening	No
Display Name	
Moodys Rating	Not rated
Is High Risk	No
DBCredit Score Class	3 (moderate risk of severe payment delinquency over the next 12 months)
DBFinancial Stress Class	4 (moderate to high risk of severe financial stress over the next 12 months)
World Check Rating	N/A;

Output Officers	<p>The officers named below were profiled using Google and Factiva sources and were screened for criminal/civil litigation using LexisNexis. I found no evidence of issues of an adverse nature for the noted officers. The individuals screened are as follows:</p> <p>Chair, Carefirst, Inc.: Mr. Stephen Waechter: Mr. Waechter was originally elected to the CareFirst of Maryland, Inc. (CFMI) Board of Directors effective January 1, 2013. He was elected to the CareFirst, Inc. (CFI) Board on September 4, 2013 and became Chairman of the CFI Board in January 2016. Mr. Waechter was appointed ARINC's Vice President – Business Operations and Chief Financial Officer in June 2008. His responsibilities include managing the Company's Business Operations activities in Accounting Operations, Financial Planning & Analysis, Treasury Operations, Internal Audit & Government Compliance, Contracts and Procurement. He also has responsibility for Corporate Technology Services</p> <p>Chair, Carefirst of Maryland: Ms. Ann Mech: Ms. Mech joined the CareFirst of Maryland, Inc. (CFMI) Board on September 4, 2013 and in January 2016 became Chair of the CFMI Board. She also joined the CareFirst, Inc. (CFI) Board in January 2016. Ms. Mech, JD, MS, RN is Director, Legal Affairs for the University of Maryland School of Nursing</p> <p>Chair, Group Hospitalization and Medical Services, Inc.: Mr. Wendell Johns: Mr. Johns joined the Group Hospitalization and Medical Services, Inc. (GHMSI) Board of Trustees in December 2011 and was elected Chair of GHMSI in May 2015. He was also elected to the CareFirst, Inc. Board in September 2014. Mr. Johns serves on the boards of the Great Lakes Capital Fund as chair, Girls, Inc. of the Washington DC Metropolitan Area as vice chair and treasurer, the Graduate Theological Union as treasurer and finance committee chair, and the Howard University Middle School for Mathematics and Science.</p> <p>President & CEO: Mr. Chet Burrell: Mr. Burrell was named President and Chief Executive Officer of CareFirst BlueCross BlueShield in September 2007 and assumed his duties in December of the same year. Prior to joining CareFirst, Burrell served as President and Chief Executive Officer of RealMed Corporation, a provider of online claims processing services for the health care industry, since April 2002.</p> <p>Executive Vice President, Chief Financial Officer and Treasurer for CareFirst BlueCross and BlueShield: Mr. G. Mark Chaney: Mr. Chaney joined the company in 1991 when Blue Cross and Blue Shield of Maryland purchased CareFirst.</p>
Prior Health Risk Assessment Info	

Noteworthy News	<p>A scan of local and national newspapers, news wires, trade journals, transcripts, and internet search engines yielded moderate and not surprisingly varied coverage of CAREF. Recent subject matter primarily focused on the entity's challenges in justifying rate increases in the face of an ongoing battle with regulators who ultimately ordered the entity to issue rebates to policyholders of a major subsidiary, GHMSI, in examples below:</p> <p>September 2016: D.C.'s insurance regulator is ordering a CareFirst BlueCross BlueShield subsidiary to issue rebates to subscribers worth up to \$51.3 million of a \$56.2 million "excess surplus" the company was told it owes in community reinvestment, it was announced Wednesday. It was the final decision in the ongoing battle over the size of a surplus carried by Group Hospitalization and Medical Services Inc., or GHMSI, dating back to 2011. In his order, D.C. Department of Insurance, Securities and Banking Commissioner Stephen Taylor said the nonprofit insurer had already reinvested about \$4.9 million through rate reductions. (Partial text from an article published at the bizjournals.com/washington website September 1, 2016, available here: http://www.bizjournals.com/washington/news/2016/09/01/d-c-insurance-regulator-orders-carefirst-to-pay-51.html)</p> <p>September 2016: CareFirst BlueCross BlueShield members who buy individual health plans can expect to pay an average of 24 percent more in 2016. The Maryland Insurance Administration on Friday approved a 24 percent average increase to CareFirst's individual health plan rates, slightly below the 29 percent average increase CareFirst requested. CareFirst CEO Chet Burrell said the rate increase is necessary to help close a \$100 million gap between the amount the insurer brought in through premiums for individual plans and the cost of care for those members. (Partial text from an article published September 4, 2015 at the bizjournals.com/Baltimore website here: http://www.bizjournals.com/baltimore/news/2015/09/04/carefirsts-individual-health-plan-rates-to-jump-24.html)</p> <p>June 2014: District regulators are considering whether CareFirst BlueCross BlueShield should be required to spend as much as \$500 million on community health needs, reigniting a decade-long battle over the cash holdings of the Washington region's largest health insurer. The District's acting insurance commissioner will hear testimony this month on whether CareFirst's holdings are too large. If the commissioner, Chester A. McPherson, finds that they are, he is empowered under city law to force the insurer to come up with a plan to spend the excess funds for the public benefit. The new review is the latest round in a fight that has been led by the D.C. Appleseed Center for Law and Justice. The nonprofit group has argued that CareFirst has improperly hoarded policyholders' premiums, building financial reserves well beyond those necessary to protect against even the most unlikely losses. (Partial text from an article published June 4, 2014 at the washingtonpost.com website here: https://www.washingtonpost.com/local/dc-politics/carefirsts-865-million-surplus-goes-back-under-dc-regulators-microscope/2014/06/13/e48a463e-f1b2-11e3-914c-1fbd0614e2d4_story.html?utm_term=.330a0ed36912)</p>
Output Form HSection	Client Screening Report

Comments	<p>Please note, an operating subsidiary of CAREF, Carefirst of Maryland, was most recently screened by Lorna Legman for Bob Dobson in February 2009.</p> <p>At the management level, CAREF continues to screen acceptably. Insofar as my research indicated, the noted individuals do not appear to be involved in any personal litigation, professional misconduct or criminal activity.</p> <p>At the entity level, CAREF's media coverage offers a generally neutral tone. However, CAREF has faced recent challenging issues over rate hike efforts and a nearly decades long dispute with regulators recently resulted in the entity being ordered to submit rebates to its GHMSI subsidiary policyholder base. CCC's litigation history is consistent with its peers' experiences, with the exception of the rebate issue ordered by regulators.</p> <p>Regarding its financial condition, D&B's analysts offer a mixed ratings picture, with their assigned ratings indicative of an entity judged to exhibit a moderate risk of payment issues and a moderate to high risk of financial distress in the near term. Additional information offers unremarkable PAYDEX ratings, based upon a moderately acceptable sampling of 35 payments, that show CAREF requires a dollar weighted average of 19 days beyond terms to satisfy its credit obligations, notably trailing its peers' averages of 5 days beyond terms. Further analysis indicates a high credit of \$300K within the last 2 years, with evidence of a past due issue involving \$10K in November 2016. To the extent of my research, its relatively unfavorable results with regulators, coupled with its less than ideal handling of its credit obligations may suggest appropriate discussions regarding a retainer, but I found no other more troubling issues to suggest a continued business engagement with CAREF poses undue risk to Milliman in the near term.</p> <p>Hans, should you require additional information regarding CAREF, please do not hesitate to contact me. I will be happy to help.</p> <p>- Dave My email: dave.roumonada@milliman.com</p>
Review Section Heading	Screening Details
Report Status	Complete
Due Date	
Client Risk Assessment Statement	
Request Section Heading	Data from Consultant
Request Date	Requested
Requested Date	12/2/2016
Client Name	Carefirst BCBS
Type Of Client	Private company
State	State
Life Settlement	
Litigation	2

Names Titlesof Officers	
Region	
Discipline	
Rb Workerscomp	No
Reciprocal Exchange	No
PEO	No
Family Owned	No
Created	12/2/2016 1:16 PM
Modified	12/21/2016 5:23 PM
Status	Complete
field10	
field12	
field14	
ID	10908
Version	1.0
Created	12/2/2016 1:16 PM
Created By	Hans Leida
Modified	12/21/2016 5:23 PM
Modified By	Dave Roumonada (Contractor)