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Governor

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Lt. Governor



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Commissioner

NANCY GRODIN
Deputy Commissioner

MICHELE T. OSHMAN
Associate Deputy Commissioner

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DEPARTMENT OF INSURANCE
SECURITIES AND BANKING

March 12, 2015

VIA EMAIL

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Harkins Cunningham LLP
1700 K Street, N.W.
Suite 400
Washington, D.C. 20006

VIA EMAIL

Marialuisa S. Gallozzi, Esq.
Covington & Burling LLP
One CityCenter
850 Tenth Street, N.W.
Washington, D.C. 20001

Re: Request for Hearing and Stay in the Matter of the Examination of GHMSI

Dear Counsel:

Enclosed is a copy of a letter from Group Hospitalization and Medical Services, Inc. ("GHMSI") regarding DC Applesseed's request for a hearing and stay related to Commissioner Redmer's February 10, 2015, letter initiating an examination of GHMSI. As you will see, GHMSI suggests that a hearing would be moot at this time.

As the Commissioner's designated hearing officer, I would like to host a telephone conference call with the parties to discuss the issues raised in GHMSI's letter. I therefore ask that you, along with Mr. Sergent from CareFirst BlueCross BlueShield and any other individuals from DC Applesseed who will be on the call, advise Hearings and Appeals Coordinator Sharon Kraus if you are available for a call at 2:00 p.m. on Monday, March 23, 2015. Ms. Kraus can be contacted at sharon.kraus@maryland.gov and (410) 468-2018. She will contact you under separate cover with call-in information. Thank you.

Sincerely,

Michele T. Oshman
Associate Deputy Commissioner

MTO/mmi
Enclosures

cc: Commissioner Al Redmer
J. Van Lear Dorsey, Esq.
Randolph S. Sergent, Esq. (via email)
Walter Smith, Executive Director
Deborah Chollet, Ph.D.
Commissioner Chester A. McPherson ✓

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March 12, 2015

J. Van Lear Dorsey
Principal Counsel
Maryland Insurance Administration
200 St. Paul Place, Suite 2700
Baltimore, MD 21202

Dear Van:

I write regarding the Letter from Commissioner Redmer to Chet Burrell dated February 10, 2015 (“the February 10 Letter”), initiating an examination in response to the D.C. Department of Insurance Securities and Banking’s December 30, 2014 Order. On February 20, 2015, DC Appleseed requested a hearing on the instruction in the February 10 Letter that Group Hospitalization and Medical Services, Inc. (“GHMSI”) should not file a plan with DISB to distribute or reduce surplus until that plan had been reviewed by the MIA.

We do not believe that D.C. Appleseed has standing to request a hearing on a preliminary order that simply maintains the status quo while the MIA examines an issue of obvious importance to Marylanders. Should MIA determine to hold a hearing in response to D.C. Appleseed’s request, however, GHMSI intends to participate.

We also believe, however, that a hearing would be moot at this time. D.C. Appleseed’s request, if made with standing, stayed the February 10 letter under Section 2-212. GHMSI is required to file a remedial plan with the District on Monday, March 16, and by the time a hearing will be held in this matter, any issues regarding the filing of a remedial plan will be moot. The MIA is proceeding with its examination, and any other proceedings in Maryland should await the outcome of the MIA’s examination and its determination of the interests of Marylanders. For this reason, if the MIA does determine that D.C. Appleseed is entitled to a hearing, we believe that the immediate issue raised by D.C. Appleseed (the filing of the report) is moot, while any remaining issues regarding Maryland’s response to the December 30 Order are not yet ripe to be heard. There is, in other words, no reason for a hearing at this time.

Letter to J. Van Lear Dorsey
March 12, 2015
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Please call if you have any questions regarding the above matters.

Sincerely yours,

A handwritten signature in black ink, appearing to be 'RS', with a long horizontal line extending to the right.

Randolph S. Sergent