



**PRESS RELEASE
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Health Insurance Commissioner Finds Blue Cross Blue Shield of Rhode Island Engaged in Improper Rating and Underwriting Practices

Cranston, Rhode Island, September 28, 2012- Health Insurance Commissioner Christopher F. Koller issued an Order finding that Blue Cross and Blue Shield of Rhode Island (“Blue Cross”) engaged in unfairly discriminatory rating practices in group markets during the period of 2007 to 2009, and imposed a penalty of \$250,000.

The Order concludes a market conduct examination that commenced as a result of complaints that Blue Cross had engaged in improper rating and underwriting practices. The Order states that during the examination period, Blue Cross did not fully fund administrative costs in the large group market, and improperly discounted rates without regard to actuarially sound underwriting standards. These practices constituted unfair discrimination, in violation of Rhode Island law. These practices resulted in arbitrarily lower rates for some subscribers, and arbitrarily higher rates for other subscribers. Depending on the circumstances, these practices may constitute unfair competition and might destabilize the market by encouraging other health insurance issuers to engage in similar unlawful behavior.

“In Rhode Island, the law requires insurers to submit their rating practices to the Office of the Health Insurance Commissioner for review and approval, and then to follow these rating practices at all times,” said Commissioner Koller. “The effect of these attempts to retain market share and membership was to create an unstable market for health insurance during the period in question. An unstable market is an unpredictable and unfair one: the rules of the road must be followed.”

The Order notes that Blue Cross cooperated fully with the examination, and revised many of its relevant policies and procedures before the examination was completed. Nevertheless, the Commissioner has imposed a significant penalty reflecting the serious nature of the violations, and Blue Cross' knowledge that the Commissioner considered Blue Cross' practices to be unlawful.

For more information, please visit www.ohic.ri.gov.

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The State of Rhode Island Office of the Health Insurance Commissioner (OHIC) was established by legislation in 2004 to broaden the accountability of health insurers operating in the Rhode Island. Under this legislation, OHIC is dedicated to:

1. Protecting consumers
2. Guarding the solvency of health insurers
3. Encouraging the fair treatment of health care providers
4. Improving the health care system as a whole

OHIC sets and enforces standards for health insurers in each of these four areas.

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