

State of Kansas
Kansas Insurance Department

Docket No. 3014-DM

In the matter of the Conversion and Acquisition
of Blue Cross & Blue Shield of Kansas, Inc.

Before the Commissioner of Insurance
of the State of Kansas

Supplemental to Prefiled
Testimony of Dawn M. Touzin

I, Dawn M. Touzin, filed Prefiled Testimony on December 31, 2001. As a consequence of the testimony presented at the Formal Public Hearing conducted in the above captioned matter, the need for additional condition has come to light that I believe the Commission must consider.

It is my opinion that the Insurance Commissioner, should she decide to approve the conversion and acquisition of Blue Cross & Blue Shield (BCBSK) by Anthem, that she should seriously consider the imposition of conditions on the translation. These conditions should be considered the cost of doing business in Kansas and as measures that will protect policyholders and insure that the translation will not be hazardous to Kansas.

Local Management

1. Anthem must agree that the local nature of healthcare will be protected by having a Medical Director that is licensed and located in Kansas.
2. Anthem must agree that primary accountability for policy decision that relate to medical management and utilization, underwriting, risk management, and product design — decisions that ultimately affect product, price structures and access — should be Kansas based.

Market Practices

3. Anthem must agree that underwriting criteria are not changed to reduce access to services or products.
4. Because BCBSK is a statewide plan with the largest market share, Anthem must maintain a provider network and invest it's resources in development of provider capacity in rural and potentially underserved areas — e.g. support rural health centers, traveling specialists, telemedicine, system of on-call relief for rural doctors, etc...
5. Anthem must agree to remain a statewide insurer at all times — with viable coverage available statewide to all markets at all times. Kansas Insurance Department will develop specific market criteria and threshold requirements.
6. KID must approve of product reductions or restructurings to ensure that non-group and small group products remain available in these markets on a statewide basis with reasonable underwriting and some form of community or modified

- community rating.
7. Anthem will agree that KID, when reviewing proposed changes to products, pricing, and underwriting practices, shall have access to documents necessary to determine whether such changes are due to factors other than health care costs in order to ensure that for-profit factors are not further prejudging Kansas consumers.
 8. Anthem will agree to notify and seek the approval of the Commissioner before making any material change. A material change includes, but is not limited to: changes in product portfolio, underwriting practices, premiums, utilization review, provider network access, community benefits, and drug formularies. KID shall develop minimum requirements (at least not less than current BCBSK levels) to protect Kansas policyholders. Approval shall not be granted unless and until notice is provided to the policyholders and to the public and an opportunity for public comment is given.
 9. KID shall establish and enforce requirements regarding administrative costs and loss ratios so that Kansas is not negatively affected by circumstances in the rest of the Anthem empire.
 10. Provider incentives must be tied to quality of member satisfaction criteria.

Consumer Impact

11. A Consumer Health Impact Study shall be performed before the Commissioner renders a decision so that the full impact may be considered. The study should be conducted from two perspectives: BCBSK customers and Kansans not currently BCBSK policy holders. By measuring the health impact landscape, KID can monitor the affect of future Anthem practices in the entire Kansas market and any unintended consequences. A Consumer Health Impact Study shall be performed at least every two years after the conversion.
12. An independent Health Care Analyst shall be appointed to analyze and report on changes in health care access, level of service, premium levels and community benefits. Reports shall be made publicly available.

Community Benefits

13. Anthem must commit to a community benefit focus similar to that of the banking industry to ensure that the company benefits the “community” (i.e. the state) from which it derives its profits.

Community Input

14. A community advisory board shall be established. The membership shall reflect the community voice and its members will not be associated with Anthem or KID. The Commissioner shall appoint the members and its purpose shall be to address issues of patient satisfaction, quality care, prescription drug utilization and community benefits. Reasonable staffing and support needed to enable effectiveness of this board shall be funded by Anthem. Quarterly reports shall be issued by the board to KID.
15. Anthem shall include at least one or more community representatives on its Board. The community representative(s) shall represent the healthcare needs of

the medically underserved of Kansas. This representative should also attend the Community Advisory Board meetings and be copied on the reports issued to KID.

Respectfully submitted
Dawn M. Touzin