

Preamble

WHEREAS, Maryland's Blue Cross Plan was created by statute in 1937 as a charitable and benevolent organization for the benefit and common good of the community as a whole; and

WHEREAS, Maryland's Blue Cross and Blue Shield Plans were consolidated into a single nonprofit corporation in 1985 to create Blue Cross and Blue Shield of Maryland, Inc.; and

WHEREAS, Blue Cross and Blue Shield of Maryland, Inc., merged with Group Hospitalization and Medical Services, Inc., in 1997, and CareFirst, Inc., was formed as a holding company; and

WHEREAS, In 2000, CareFirst, Inc., entered into an affiliation with BlueCross BlueShield Delaware; and

WHEREAS, CareFirst, Inc., is Maryland's Blue Cross Blue Shield Plan; and

WHEREAS, CareFirst, as a nonprofit corporation, is a community asset; and

WHEREAS, The mission of CareFirst is to provide affordable and accessible health insurance to Maryland citizens; and

WHEREAS, There is a national crisis of health insurance affordability and accessibility; and

WHEREAS, CareFirst is the State's largest health insurer; and

WHEREAS, CareFirst has enjoyed significant taxpayer and State-funded exemptions and subsidies to assist in its mission; and

WHEREAS, In recent years, CareFirst has exited from several segments of the Maryland health insurance market, including the withdrawal from the Medicare+Choice program and the withdrawal of its subsidiary HMOs, FreeState and Delmarva, from insurance markets in Maryland, resulting in over 6,000 individuals losing their health insurance; and

WHEREAS, Citing a need for increased access to capital, on January 11, 2002, CareFirst filed an application with the Maryland Insurance Commissioner to convert to a for-profit company and to be acquired by a California-based health insurer for \$1.3 billion; and

WHEREAS, In 2002, the profits of CareFirst rose 13% to \$104 million, its revenue was \$6.7 billion, and the number of its members increased to 3.24 million; and

WHEREAS, On March 5, 2003, after extensive review, the Maryland Insurance Commissioner found that the proposed sale and conversion of CareFirst is not in the public interest; and

WHEREAS, The Insurance Commissioner found that the management and Board of Directors of CareFirst did not view their nonprofit mission as restraining or guiding their business activities; and