



ADVOCACY & BENEFITS COUNSELING FOR HEALTH

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September 24, 2003

Office of the Commissioner of Insurance
Attn: Mr. Guenther H. Ruch
125 South Weber Street
Madison, WI 53703

Re: Comments by Thomas Geiser, WellPoint

Dear Mr. Ruch:

Our offices were copied on a letter sent to you by Mr. Thomas Geiser of WellPoint. He denied or disputed several points in our letter to you of September 16, 2003. This letter contains our responses.

1. Mr Geiser states, “WellPoint is unaware of any request by the Maryland Insurance Administration that the Federal Department of Justice investigate any transaction in which WellPoint has been involved . . .”

During the second week of August, 2003, WellPoint and the Blue Cross plan it was attempting to purchase, CareFirst, were the recipients of subpoenas from the United States Attorney’s office, the Federal Bureau of Investigation and a federal grand jury. Mr. Geiser seems to take semantic issue with characterizing these subpoenas as an “investigation”. The fact remains that multiple branches of the Department of Justice are seeking information about the conduct of this transaction.

2. Mr. Geiser states, “WellPoint provided the Office of the Commissioner of Insurance with full information with reference to the fine levied upon one of its affiliates by the Texas Department of Insurance . . .”

WellPoint’s candor is commendable but the fact of their wrongdoing remains. WellPoint and sixteen other Texas health insurers and HMOs were fined a total of \$9.25 million dollars in August of 2001 resulting from their failure to reimburse health care providers. The fines were levied after WellPoint and others failed to pay within the legal time limit and then ignored legislation and other administrative actions aimed at rectifying the situation.

3. Mr. Geiser states, “We are not aware of the circumstances alleged in the ABC letter that WellPoint has terminated relationships with the Medicaid program in Texas. It has never been involved in that program in Texas . . .”





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It is true that WellPoint's operations in Texas did not include any affiliation with the Medicaid program in that state. However we are continuing to research the role of WellPoint's subsidiary, Methodist Health Insurance Co. in other disputes with the Texas Insurance Commissioner.

4. Mr. Geiser states, "There has been ample opportunity for the general public to provide comments regarding the proposed [sic] between WellPoint and Cobalt . . ."

After the hearing on September 8, 2003, the Office of the Commissioner of Insurance provided only until September 16 for public comments—just 8 days, rather than the more customary 30 days.

Sincerely,

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cc Pat Simms, Wisconsin State Journal
Aaron Nathans, The Capital Times
Joe Manning, Milwaukee Journal Sentinel
Helene Nelson, Secretary, Department of Health and Family Services
Jorge Gomez, Office of the Commissioner of Insurance