



Attachment  
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85 7th Place East, Suite 500  
St. Paul, Minnesota 55101-3165  
www.commerce.state.mn.us  
651.296.4026 FAX 651.297.1959  
An equal opportunity employer

July, 31, 2009

Bland & Associates, P.C.  
Certified Public Accountants  
8712 W Dodge RD.  
Suite 200  
Omaha, NE 68114

Re: Examination of Medicare Advantage Organizations  
and Prescription Drug Plans' 2007 Financial Information  
and 2009 MA (if applicable) and PD Bid  
NAIC #55026

To Whom It May Concern:

In response to your inquiry of July 1, 2009, note the following. Please contact me at (651) 297-8945 if you have any questions.

1. Please confirm that our license was in effect during Contract Year 2007 and continues to be in effect as of the date of your response.

*BCBSM, NAIC #55026, offers Medicare Part D through Blue Cross Blue Shield Northern Plains. Our responses to this inquiry apply to BCBSM.*

*BCBSM is a licensed Non-Profit Health Service Plan. The company's license was in force in 2007 and has been continuously since that time.*

2. Please indicate if there are any encumbrances to our license (e.g., a limitation in geographic area of service or marketing area) and explain the nature of such encumbrances, if any.

*There are no limitations to BCBSM's authority to act as a Minnesota domiciled Non-Profit Health Service Plan.*

3. Please state if there are any current or planned compliance actions against Medicare Blue Rx Option 1 (e.g., letter of warning, investigation, compliance action for financial solvency, marketing abuses, quality control issues) and provide adequate disclosure of these, if any.

*There are no current or contemplated regulatory actions against BCBSM's authority to operate as a Non-Profit Health Service Plan.*

4. Please confirm that we are currently not under supervision, corrective action plan or special monitoring by the state licensing authority, because of the violations of the State solvency and licensure requirements.

*There are no regulatory or special monitoring actions related to BCBSM.*

5. Please state that our Organization demonstrated in 2007 and continues to demonstrate as of the date of your response that we meet financial solvency and capital adequacy requirements imposed by the State.

*BCBSM is currently meeting, and has since 2007, Minnesota statutory capital adequacy and solvency requirements.*

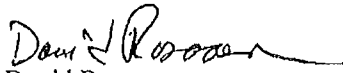
6. Please disclose if you are aware of any past or pending legal actions against our Organization that might potentially impact our licensing with the State.

*We are not aware of past or pending legal actions that would threaten the licensure of BCBSM.*

7. Please disclose any other matters you feel relevant to our solvency and licensure.

*None.*

Sincerely,



David Rosaaen  
Insurance Analyst

cc: Jaki Gardner, Assistant Commissioner

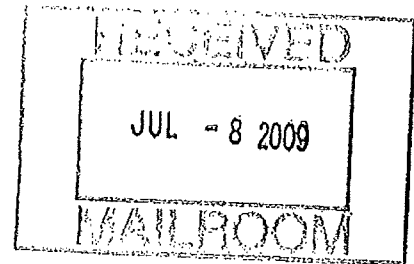


**Blue Cross Blue Shield  
Northern Plains Alliance**

*Jm*

P.O. Box 64560  
R336  
St. Paul, MN 55164-0560

July 1, 2009



Minnesota Department of Commerce  
Insurance Commissioner's Office  
85 7<sup>th</sup> Place East, Suite 500  
St. Paul, MN 55101

**Re: Examination of Medicare Advantage Organizations  
and Prescription Drug Plans' 2007 Financial Information  
and 2009 MA (if applicable) and PD Bid  
NAIC #55026**

To Whom It May Concern:

Bland & Associates, P.C., CPAs, has been contracted by the Centers for Medicare and Medicaid Services to conduct an examination related to our financial information for Contract Year 2007. Please furnish directly to them the following information related to Blue Cross and Blue Shield of Minnesota's MedicareBlue Rx Option 1 (S-5743) licensure:

1. Please confirm that our license was in effect during Contract Year 2007 and continues to be in effect as of the date of your response.
2. Please indicate if there are any encumbrances to our license (e.g., a limitation in geographic area of service or marketing area) and explain the nature of such encumbrances, if any.
3. Please state if there are any current or planned compliance actions against Medicare Blue Rx Option 1 (e.g., letter of warning, investigation, compliance action for financial solvency, marketing abuses, quality control issues) and provide adequate disclosure of these, if any.
4. Please confirm that we are currently not under supervision, corrective action plan or special monitoring by the state licensing authority, because of the violations of the State solvency and licensure requirements.
5. Please state that our Organization demonstrated in 2007 and continues to demonstrate as of the date of your response that we meet financial solvency and capital adequacy requirements imposed by the State.
6. Please disclose if you are aware of any past or pending legal actions against our Organization that might potentially impact our licensing with the State.
7. Please disclose any other matters you feel relevant to our solvency and licensure.

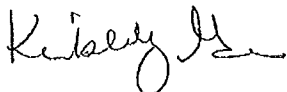
Your response should include matters that existed as of January 1, 2007, and during the period from that date to the effective date of your response. Please specify the date of your response if it is other than the date of your reply.

Blue Cross Blue Shield Northern Plains Alliance is a trade name of the following independent Blue Cross and Blue Shield Plans: Wellmark Blue Cross and Blue Shield of Iowa\*, Blue Cross and Blue Shield of Minnesota\*, Blue Cross and Blue Shield of Montana\*, Blue Cross and Blue Shield of Nebraska\*, Blue Cross Blue Shield of North Dakota\*, Wellmark Blue Cross and Blue Shield of South Dakota\*, and Blue Cross Blue Shield of Wyoming\*.

\* Independent licenses of the Blue Cross and Blue Shield Association.

If possible, Bland would appreciate receiving your reply by July 31, 2009 with a specified effective date as close as possible to that date. To facilitate your response, we have enclosed a self-addressed, postage paid envelope so you can respond directly to Bland & Associates, P.C., 8712 West Dodge Road, Ste. 200, Omaha, Nebraska 68114. Should you have any questions regarding this request, please contact Lena Pierson of Bland & Associates, P.C. at [REDACTED] Thank you for your assistance.

Sincerely,



Kimberly Green  
Compliance Officer  
Blue Cross Blue Shield Northern Plains Alliance

Enclosure

Blue Cross Blue Shield Northern Plains Alliance is a trade name of the following independent Blue Cross and Blue Shield Plans: Wellmark Blue Cross and Blue Shield of Iowa\*, Blue Cross and Blue Shield of Minnesota\*, Blue Cross and Blue Shield of Montana\*, Blue Cross and Blue Shield of Nebraska\*, Blue Cross Blue Shield of North Dakota\*, Wellmark Blue Cross and Blue Shield of South Dakota\*, and Blue Cross Blue Shield of Wyoming\*.  
\* Independent licenses of the Blue Cross and Blue Shield Association.


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#### Business News Release

6 July 2005

#### Seven Blue Cross and Blue Shield Plans Form Alliance to Offer Regional Medicare Products

Seven Blue Cross and Blue Shield Plans in the upper Midwest and Northern Plains states have filed applications with the Centers for Medicare & Medicaid Services (CMS) to offer regional Medicare Advantage PPO (MA-PPO) health plans and Medicare Prescription Drug Plans (PDP) to Medicare beneficiaries, effective Jan. 1, 2006, pending Federal approval. The Blue Cross Blue Shield Northern Plains Alliance includes the independent Blue Cross and Blue Shield licensees in the states of Iowa, Minnesota, Montana, Nebraska, North Dakota, South Dakota and Wyoming. These seven states comprise Medicare Advantage Region 19 and Medicare Part D Region 25. They are the largest in size and most rural of the regions CMS established in 2004, serving nearly 2 million seniors and other Medicare eligibles, according to CMS.

"This is a tremendous opportunity for our Blue Cross and Blue Shield Plans to continue to serve Medicare-eligibles in the largest Medicare region in the country," said Karen Dobson, Chief Operating Officer for Blue Cross Blue Shield of Wyoming.

"We will offer seamless Medicare Advantage health insurance plans and Medicare Prescription Drug Plans for seniors and other Medicare-eligible individuals in our states from the most well-known and trusted private insurers," Dobson said. "Our new regional Medicare plans will offer uniform benefits and premiums across the seven states, as well as new levels of support for prescription drug and healthcare expenses."

"Blue Plans have been instrumental in Medicare since the program began in 1965," said Rick Schum, Vice President of Marketing for Blue Cross Blue Shield of Wyoming. "For 40 years we've served the Medicare population, advocated on their behalf, and at every turn have developed the products and protections that best meet their needs. Today, our commitment also extends to helping people understand the new Medicare options and navigate the decisions Medicare Reform will ask of them in the coming year," Schum said.

Marketing of the new Medicare products begins in October with initial enrollment beginning Nov. 15, 2005. Starting Jan. 1, 2006, the new Medicare prescription drug benefit will replace the transitional discount prescription drug card program introduced by Medicare in 2004.

The standard Medicare prescription drug benefit will pay about 75 percent of drug costs after a \$250 deductible, up to an initial coverage limit of \$2,250, and will pay about 95 percent of the beneficiary's drug costs once the beneficiary spends \$3,600 out-of-pocket, according to CMS.

Blue Cross Blue Shield Northern Plains Alliance has designed and filed with CMS four prescription drug insurance plan designs offering a variety of cost-sharing levels based on either a 2-tier or 3-tier formulary drug list. In addition, the seven Blue Cross and Blue Shield Plans, through the Alliance, intend to market five Medicare Advantage PPO plans, some including the option of prescription drug coverage in addition to health coverage. All plan designs are pending Federal approval from CMS.

Blue Cross and Blue Shield of Minnesota will provide medical management services for the

Medicare Advantage plans offered across the region by Blue Cross Blue Shield Northern Plains Alliance Plans.

Initial open enrollment starts Nov. 15, 2005, and runs through May 15, 2006. In most cases, enrollment in a Medicare prescription drug plan is not automatic, and eligible beneficiaries must enroll to receive benefits and avoid paying an additional fee.

The Blue Cross and Blue Shield Northern Plains Alliance is composed of the following independent licensees of the Blue Cross and Blue Shield Association: Wellmark Blue Cross and Blue Shield of Iowa, Blue Cross and Blue Shield of Minnesota, Blue Cross and Blue Shield of Montana, Blue Cross and Blue Shield of Nebraska, Blue Cross Blue Shield of North Dakota, Wellmark Blue Cross and Blue Shield of South Dakota, and Blue Cross Blue Shield of Wyoming.