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**CONFIDENTIAL**

**By Federal Express and Email**

Mr. Andrew Stolfi  
Insurance Commissioner  
Oregon Department of Consumer and Business Services  
350 Winter Street NE, Fourth Floor  
Salem, OR 97301-3883

**Re: Form A Statement Filed by Blue Cross and Blue Shield of North Carolina Regarding the Acquisition of Control of or Merger with Regence BlueCross BlueShield of Oregon (NAIC #54933), Regence Health Maintenance of Oregon, Inc. (NAIC #96250), Regence HMO Oregon (NAIC #95699) and LifeMap Assurance Company (NAIC #97985)**

Dear Commissioner Stolfi:

On behalf of Blue Cross and Blue Shield of North Carolina, a North Carolina fully taxed, not-for-profit corporation (the "Applicant"), and Cambia Health Solutions, Inc., an Oregon fully taxed, not-for-profit corporation ("Cambia"), please find enclosed one original of a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer (the "Form A"), which is being filed with the Oregon Department of Consumer and Business Services (the "Department") in connection with a proposed mutual affiliation transaction between Cambia and the Applicant (the "Proposed Affiliation"). Pursuant to the Counsel Communication Protocol, dated March 27, 2019, from Scott D. Fischer of Morgan, Lewis & Bockius LLP, an electronic copy of the Form A is being sent simultaneously to the Oregon Department of Justice and Morgan, Lewis & Bockius LLP, as Special Assistant Attorneys General to the State of Oregon for the limited purposes of representing the Department in its analysis of the Form A and documents related thereto. While the Proposed Affiliation has been structured as a balanced strategic affiliation of two strong companies and will not constitute a merger or acquisition, as described in greater detail in the enclosed Form A, the Proposed Affiliation may technically be deemed to constitute a change of control under ORS 732.521 with respect to each of the following Oregon domestic insurance company and health maintenance organization subsidiaries of Cambia: Regence BlueCross BlueShield of Oregon, Regence Health Maintenance of Oregon, Inc., Regence HMO Oregon, and LifeMap Assurance Company (collectively, the "Domestic Insurers"). Accordingly, the Applicant respectfully requests

approval from the Department under ORS 732.521 and 732.523 for the Proposed Affiliation, as more fully described in the enclosed Form A.

The Proposed Affiliation will operate through a long-term management services agreement, where the Applicant and Cambia have contracted to operate under a common management team (drawn from both companies) and to share key management, administrative, operational, and other corporate services. Following regulatory approval of the Proposed Affiliation, each of the Applicant and Cambia will retain their separate, fully taxed, not-for-profit existences, including their separate assets, local leadership and local boards. Cambia's board of directors will be reconstituted to include nine (9) members from Cambia's current board of directors and ten (10) members from the Applicant's current board of trustees, for a total of nineteen (19) members. Cambia will have principal offices in Portland, Oregon, and Durham, North Carolina. As described in greater detail in the enclosed Form A, at present, there are no plans to change the business plans or the current directors or executive officers of any of the Domestic Insurers in connection with the Proposed Affiliation.

The Proposed Affiliation builds on the Applicant's and Cambia's shared values and cultures. Both the Applicant and Cambia are fully taxed, not-for-profit companies with Blue Cross Blue Shield histories. Together, the companies want to bring positive change to the health care system on behalf of their customers and the communities that they serve. As described in greater detail in the enclosed Form A, the Proposed Affiliation's intent is to make health care better, simpler, and more affordable for individuals and their families.

Again, each of the Applicant and Cambia will retain their separate corporate existences, local operations, control of their own funds and current assets, such as reserves and capital, and there will be no change to underlying business in their respective states. Further, the Applicant and Cambia will continue to contract directly with providers and customers in their respective states, as they do today. Nevertheless, as a result of these operational and structural changes to align the resources and centralize the operations of Cambia and the Applicant in connection with the Proposed Affiliation, a change of control of each of Cambia and the Applicant may technically be deemed to occur under applicable state statutes and regulations. Accordingly, simultaneously with the filing of the enclosed Form A, the Applicant will file similar applications in Idaho, Utah and Washington with respect to the change of control of Cambia's other health maintenance organization and insurance company subsidiaries domiciled in such states. Cambia will file a similar application in North Carolina with respect to the change of control of the Applicant and its subsidiary, Blue Cross and Blue Shield of North Carolina Senior Health, as a result of the aforementioned long-term management agreement pursuant to which Cambia will provide services to the Applicant. The parties desire to close the Proposed Affiliation as soon as possible, subject to receipt of required approvals from, and the making of required filings and notices with, governmental and regulatory authorities and the satisfaction of other customary closing conditions.

The Form A contains confidential and/or proprietary information that, if disclosed, would cause competitive harm to the Applicant. Accordingly, the Applicant respectfully requests that Exhibits A, C-2, D and G (including all annexes and exhibits thereto) be afforded confidential

treatment and be excepted from disclosure pursuant to all applicable provisions of law, including, but not limited to, ORS 192.345(2), 192.355(2)(a) and 192.355(4)).

In addition, the NAIC biographical affidavits provided as Exhibit C-2 are being submitted to the Department in confidence and contain certain information that is not otherwise available to the public, are subject to financial privacy and individual privacy protections, and should be afforded confidential treatment. All biographical affidavits are being provided with the express understanding that the confidentiality of such information contained therein will be safeguarded and such individuals will be protected from any and all unwarranted invasions of personal privacy, pursuant to all applicable provisions of law, including but not limited to, ORS 192.355(2)(a), ORS 192.355(4) and ORS 192.377.

The confidential materials described above are being separately filed in sealed envelopes marked "Confidential." Please contact us if you have any questions or concerns regarding the Applicant's request for confidential treatment of any of these materials.

The Applicant requests that (i) such materials be afforded confidential treatment, (ii) the Applicant be notified in advance of any proposed disclosure of such confidential materials by the Department, and (iii) the Applicant be given a reasonable opportunity to seek a protective order or take other action to prevent or limit any such disclosure.

Should you have any questions or require further information, please do not hesitate to contact me at (212) 839-5882 or aholland@sidley.com. We look forward to working with you and your staff, and thank you for your attention to this matter.

Best Regards,



Andrew R. Holland

Enclosures

cc: Danielle C. Gray, Blue Cross and Blue Shield of North Carolina  
John W. Attey, Cambia Health Solutions, Inc.  
Scott D. Fischer, Morgan, Lewis & Bockius LLP  
Jeffrey MacDonald, Morgan, Lewis & Bockius LLP  
Theodore Falk, Oregon Department of Justice