

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of:

Case No. INS-19-0130

BLUE CROSS AND BLUE SHIELD OF
NORTH CAROLINA,

Respondent.

ORDER TO CEASE AND DESIST,
FINAL ORDER ASSESSING CIVIL
PENALTY AND CONSENT TO
ENTRY OF ORDER

THIS IS A FINAL ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon (“Director”), acting in accordance with Oregon Revised Statutes (“ORS”) chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750 (“Insurance Code”), has conducted an investigation into the insurance related activities of Blue Cross and Blue Shield of North Carolina (“BCBSNC” or “Respondent”).

Respondent submits to the Director’s jurisdiction and agrees to waive its rights to notice and an administrative hearing that arise under ORS 183.415 and wishes to resolve this matter by consenting to entry of this Final Order.

Now, therefore, as evidenced by the authorized signatures subscribed on this document, the Director issues the following Findings of Fact, Conclusions of Law, and Final Order.

FINDINGS OF FACT

The Director FINDS that:

1. Respondent is a North Carolina corporation with a principal place of business at 4613 University Drive, Durham, NC 27707. Respondent’s National Association of Insurance Commissioners (“NAIC”) number is 54631.
2. Cambia Health Solutions, Inc. (“Cambia”) is an Oregon corporation with a

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387





1 principal place of business at 100 SW Market Street, Portland, OR 97201. Cambia owns
2 six health plans that operate across Oregon, Washington, Idaho and Utah.

3 3. On April 17, 2019, Respondent submitted a Statement Regarding the
4 Acquisition of Control of or Merger with a Domestic Insurer (“Form A Statement”) to the
5 Director, providing notification about a proposed affiliation with Cambia (“Affiliation”).

6 4. On the Form A Statement, Dr. Patrick Conway (“Conway”) was listed as the
7 current Chief Executive Officer of BCBSNC, and would be the new Chief Executive
8 Officer of Cambia after the Affiliation.

9 5. On or around June 22, 2019, Conway was arrested in North Carolina by the
10 Archdale Police Department (“Arrest”) on suspicion of alcohol impairment. After being
11 arrested, Conway was taken to the Archdale police station and charged with several
12 misdemeanors, including driving while impaired, misdemeanor child abuse, failure to
13 maintain lane control, and reckless driving. At the police station, Conway’s name, age,
14 and charges were recorded by the Archdale Police Department.

15 6. Respondent learned of the Arrest several days following the Arrest. Upon
16 learning of the Arrest, the BCBSNC Board of Trustees established a committee within the
17 Board to review the matter.

18 7. Respondent did not notify the Director about the Arrest until on or around
19 September 16, 2019.

20 8. Dr. Conway resigned as CEO of BCBSNC on September 25, 2019.

21 9. The proposed Affiliation was cancelled and the Form A Statement was
22 withdrawn on September 27, 2019.

23 CONCLUSIONS OF LAW

24 The Director CONCLUDES that:

25 10. Pursuant to ORS 731.252(1), whenever the Director has reason to believe that
26 any person has been engaged or is engaging or is about to engage in any violation of the



1 Insurance Code, the Director may issue an order, directed to such person, to discontinue or
2 desist from such violation or threatened violation.

3 11. Pursuant to ORS 732.523(2), Respondent was required to file certain
4 information with the Director relating to the proposed Affiliation, including but not limited
5 to information regarding persons who will serve as or perform functions of directors or
6 officers following the Affiliation. Respondent did in fact file such information by
7 submitting the Form A Statement to the Director on April 17, 2019. The Form A Statement
8 (i) identified Conway as the current Chief Executive Officer of BCBSNC and a member of
9 its Board of Trustees, (ii) stated that Conway would become the Chief Executive Officer
10 of Cambia and a member of the New Cambia Board, (iii) stated that Conway would
11 continue to serve as Chief Executive Officer of BCBSNC.

12 12. Pursuant to ORS 732.523(5), if any material change occurs in the facts set forth
13 in the statement filed under ORS 732.523(2), the party that filed the statement is required
14 to file with the Director, within two business days after the party learns of the change, an
15 amendment that sets forth the change together with copies of all documents and other
16 material relevant to the change. Respondent was required to file an amendment to the Form
17 A Statement within two business days after learning about Conway's Arrest, which
18 constituted a material change to the information submitted in the initial Form A Statement
19 filing.

20 13. Pursuant to ORS 731.988(1), the Director may impose a civil penalty of up to
21 \$10,000 per violation upon any person who violates a provision of the Insurance Code.

22 ORDERS

23 Now therefore, the Director issues the following Orders:

24 14. As authorized by ORS 731.252(1), the Director ORDERS Respondent to
25 CEASE AND DESIST from violating ORS 732.523.

26 15. Based upon the foregoing and as authorized by ORS 731.988(1), the Director

1 ORDERS that Respondent pay a CIVIL PENALTY of \$10,000 for violating ORS 732.523.

2 16. The \$10,000 total CIVIL PENALTY assessed above is due and payable at the
3 time this Order is returned to the Director.

4 17. This Order is a “Final Order” under ORS 183.310(6)(b) and is the final action
5 by the Director in connection with the matters set forth above. Subject to that provision,
6 entry of this Order in no way limits or prevents further remedies, sanctions, or actions
7 which may be available to the Director under Oregon law to enforce this Order, for
8 violations of this Order, for conduct or actions of Respondent that are not covered by this
9 Order, or against any party not covered by this Order.

10
11 SO ORDERED this 15th day of January, 2021.

12 ANDREW R. STOLFI, Director
13 Department of Consumer and Business Services

14
15 /s/ Dorothy Bean
16 Dorothy Bean, Chief of Enforcement
17 Division of Financial Regulation

18 *[The remainder of this page intentionally left blank.]*
19
20
21
22
23
24
25
26

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97101-3881
Telephone: (503) 378-4387



1 CONSENT TO ENTRY OF ORDER

2 I, Danielle Gray, state that I am an officer of Blue
3 Cross and Blue Shield of North Carolina and I am authorized to act on its behalf. I have
4 read the foregoing Order, and I know and fully understand the contents hereof. I have
5 been advised of the right to a hearing and of the right to be represented by counsel in this
6 matter. Blue Cross and Blue Shield of North Carolina understands that this Order is a
7 "Final Order" under ORS 183.310(6)(b) and is the final action by the Director in
8 connection with the matters set forth above. Blue Cross and Blue Shield of North Carolina
9 voluntarily and without any force or duress consents to the entry of this Order expressly
10 waiving any right to a hearing in this matter. Blue Cross and Blue Shield of North
11 Carolina understands that the Director reserves the right to take further actions to enforce
12 this Order or to take appropriate action upon discovery of other violations of the Insurance
13 Code. Blue Cross and Blue Shield of North Carolina will fully comply with the terms and
14 conditions stated herein.

15 Blue Cross and Blue Shield of North Carolina understands that this Order is a
16 public document.

17 /s/ Danielle C. Gray
18 Signature

19 Danielle C. Gray
20 Printed name

21 Chief Legal and Administrative Officer
22 Office held

23 ACKNOWLEDGMENT

24 There appeared before me this 15th day of January, 2021,
25 Danielle C. Gray, who was first duly sworn on oath, and stated that
26 she/he was and is an officer of Blue Cross and Blue Shield of North Carolina and that
she/he is authorized and empowered to sign this Consent to Entry of Order on behalf of
Blue Cross and Blue Shield of North Carolina and to bind Blue Cross and Blue Shield of
North Carolina to the terms hereof.

27 /s/ Amy Paris
28 Signature of Notary Public

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

