

STATE OF CONNECTICUT
INSURANCE DEPARTMENT

In the Matter of:

THE PROPOSED RATE INCREASE APPLICATION OF
ANTHEM BLUE CROSS and BLUE SHIELD

Docket No.LH14-155

**REPLY TO OBJECTION BY ANTHEM BLUE CROSS AND BLUE SHIELD TO THE
OFFICE OF THE HEALTH CARE ADVOCATE'S WITNESS PHILLIP J. BIELUCH**

Anthem objects to the Health Care Advocate's use of Mr. Phillip Bieluch as an expert witness on matters pertaining to the application. Anthem seems concerned that offering expert actuarial testimony by an intervener would constitute an "an improper attempt to invade the statutory responsibility of the Department," rather than to offer evidence that the Department may consider and weigh in its role as hearing officer. The Health Care Advocate submits that Mr. Bieluch's testimony will serve the public interest by providing expert opinion in addition to that offered by Anthem's expert witness, and will assist the Department in evaluating the adequacy of Anthem's rate increase request.

Anthem conclusively states that "any purported testimony by Mr. Bieluch would "clearly fall outside the scope of the Health Care Advocate's permitted intervention," without explaining why Mr. Bieluch's testimony relating to the rates, that are of direct concern to consumers in Anthem's health plans, are "excessive, inadequate or unfairly discriminatory pursuant to Conn. Gen. Stat. §38a-481," does not pertain to that concern.

As the Department is aware, Mr. Bieluch has participated in a prior rate hearing conducted in 2010 in which he was allowed to give expert testimony on matters directly relating to the actuarial adequacy of the Anthem application. Thus, there is past precedence for his participation as an expert in rate case hearings. As in that case, the OHA maintains that it is within the hearing officer's discretion to weigh the testimony Mr. Bieluch provides and

determine its value. OHA has attached to this reply Mr. Bieluch's current CV for the Department's review.

WHEREFORE, OHA contends that Anthem's objection to its witness is without merit and should be overruled.

OFFICE OF THE HEALTHCARE ADVOCATE

By:



THOMAS P. RYAN
CHARLES C. HULIN
Assistant Attorneys General
Office of the Attorney General
35 Elm Street
Hartford, CT 06106
Tel: (860) 808-5355
Fax: (860) 808-5391
thomas.ryan@ct.gov
charles.hulin@ct.gov

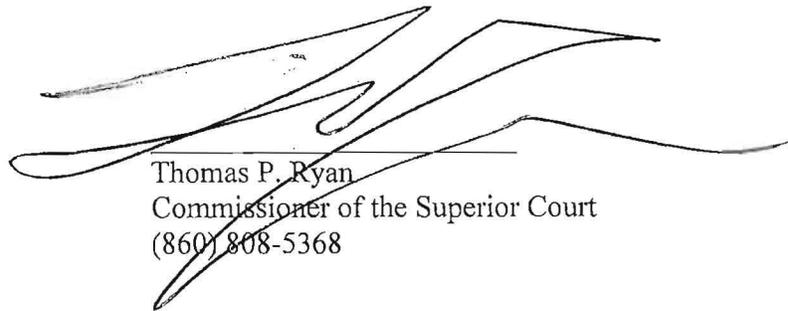
CERTIFICATION

I hereby certify that copies of the above notice of appearance were sent by electronic mail to each of the following on this 26th day of June, 2014:

Michael G. Durham
Donahue, Durham & Noonan, P.C.
Concept Park, Suite 306
741 Boston Post Road
Guilford, CT 06437
P: 203.458.9168
F: 203.458.4424
mdurham@ddnctlaw.com

John M. Russo
Anthem Blue Cross and Blue Shield of Connecticut
370 Bassett Road
North Haven, CT 06473-9779
P: 203.234.5141
F: 203.239.7742
John.Russo@Anthem.com

Beth Cook
Counsel
State of Connecticut Insurance Department
P.O. Box 816
Hartford, CT 06142-0816
Phone: 860.297.3812
Fax: 860.566.7410
Beth.Cook@ct.gov



Thomas P. Ryan
Commissioner of the Superior Court
(860) 808-5368

PHILIP J. BIELUCH, FSA, MAAA, FCA

60 Tollgate Lane

Avon, CT 06001

860.673.7537

pbieluch@insurancesignals.com

EDUCATION

B. S. Computer Coordinated with Mathematics – 1976
Trinity College, Hartford, CT

Post-graduate work in actuarial science – 1977 - 1979
Northeastern University, Boston, MA

Fellow, Society of Actuaries – 1981
Society of Actuaries, Schaumburg, IL

Chartered Life Underwriter – 1981
American College, Bryn Mawr, PA

Chartered Financial Consultant – 1984
American College, Bryn Mawr, PA

EXPERIENCE

January 2014 to
Current

Insurance Signals LLC

Managing member of a firm devoted insurance company financial analysis, reinsurance analysis, merger & acquisition advisory, health insurance and private placement insurance advisory.

May 2012 to
December 2013

Cambrian Re Ltd.

Chief Actuary assisting in the formation of a new Bermudian reinsurer.

Registered Representative for Cambrian Re with the Bermuda Monetary Authority.

Assisted the trade organization, BILTIR, with the formation of capital standards for Long-Term Insurers and evaluated the impact on Cambrian Re.

Priced several transactions both as company acquisitions and reinsurance of in-force business in life and health insurance.

October 2002 to
April 2012

Independent Consultant

Consultant in the evaluation of life insurance companies.

Consultant to a national bank on insurance operations.

Consultant to a start-up reinsurer on a mortality standard.

Consultant to a major world-wide management-consulting firm on an earnings model of life insurance company earnings on a US GAAP and US statutory accounting basis.

Consultant to a major US stock life insurer on an earnings model for entering the life settlement business.

Consulted on the health insurance rate filings.

Consultant on state examinations of insurance companies.

January 2001 to
September 2002

Hampton Re Limited, Hamilton, Bermuda
Senior Vice President and Chief Actuary,
Corporate Secretary

Involved in the start-up of a Bermuda based reinsurer that maintained invested 100% of its capital in hedge funds.

Responsible for all aspects of pricing block reinsurance transactions including development of mortality standards for various books of business and asset selection.

Responsible for developing reserves for in-force transactions

May 1998 to
December 2000

Bieluch & Associates, Southborough, Massachusetts

Worked on development of reinsurance standards for start-up reinsurer.

Worked on actuarial aspects of major insurance class actions.

1994 to April 1998

MANULIFE FINANCIAL, Boston, Massachusetts

Vice President, Strategic Development, U.S. Operations

Member of steering committee on individual insurance distribution reorganization working with Monitor Company to reduce field expenses while increasing production. All strategies implemented and production increased by over 100% in the next 4 years.

Provided analysis and discussions with potential takeover candidates in the United States.

Member of mortality table development committee.

1992 to
1994

MANULIFE FINANCIAL, Toronto, Ontario

Assistant Vice President, Corporate Insurance Products

Managed a department of 10 and lead the launch of the variable life insurance product for the elective deferred compensation market.

Supervised underwriting of Corporate Owned Life Insurance and guaranteed issue standards.

1986 to
1992

TILLINGHAST – TOWERS PERRIN, Hartford, CT

Principal

Consulted to corporations concerning the purchase of life insurance.

Consulted on acquisitions of various blocks of business.

Consulted on policyholder tax matters.

Developed participating and interest sensitive life insurance products and software for life insurance companies.

1982 to
1985 DELTA ACTUARIES, INC., Hartford, CT
President

Consulted to 25 insurance organizations on product development, life insurance sales and administration systems.

1980 to
1981 SECURITY-CONNECTICUT LIFE
Assistant Actuary

1973 to
1979 SORENSEN & ASSOCIATES, Hartford, CT
HUGGINS AND COMPANY, Hartford, CT
Consulting Practice
COVENANT LIFE INSURANCE COMPANY, Hartford, CT

Books and Other Publications

Author - BNA Portfolio 546-1st: Annuities, Life Insurance, and Long-Term Care Insurance Products, published April 2000.

Co-Author - Enterprise Risk Management, 2006 Edition, published by ACTEX Study Materials.

Co-Author – The Actuary Vol. 38, no. 3: Managing the risks from variable annuities-the next phase, published March 2004.

Professional Activities – Society of Actuaries

Position	Start Date	End Date	Description
Chairperson	5-82	5-82	Workshop on Computer Requirements of Interest Sensitive and Variable Products
Chairperson	10-82	10-82	Workshop on Universal Life-Stock Companies
Moderator	10-83	10-83	Microcomputers for Users
Moderator	5-87	5-87	PD Corporate-Owned Life Insurance
Panelist	5-88	5-88	PD Executive Compensation
Panelist	10-88	10-88	PD Are Current Product Illustrations Supportable?
Member	11-88	10-89	Individual Annuity Experience Committee
Discussion Author	12-88	12-88	The Definition of Life Insurance Under Section 7702 of the Internal Revenue Code
Member	11-88	10-91	Spring Individual Life and Annuities Examination
Vice Chairman	11-89	10-90	Individual Annuity Experience Committee
Author	3-90	3-90	The Actuary – SFAS-96 - Overview
Chairman	11-90	10-09	Individual Annuity Experience Committee
Member	11-90	10-92	Committee on Experience
Chairperson	6-91	6-91	Workshop on COLI Trends
Vice Chairman	11-91	10-93	Spring Individual Life and Annuities Examination in charge of I-443U Committee
Moderator	10-92	10-92	PD Emerging Tax Issues
Member	11-92	10-93	Committee on Life Insurance & Annuity Experience
Moderator	6-93	6-93	PD Impact of Low Interest Rates
Member	11-93	10-95	Finance PA Professional Education & Development Committee
Member	11-96	10-97	Life Practice Advancement Committee
Member	11-02	2-05	Life Practice Advancement Committee
Member	5-03	9-07	Valuation Actuary Symposium Committee

Position	Start Date	End Date	Description
Panelist	9-03	9-03	42PD Continuing Education Requirements
Associate Editor	11-03	10-05	Editorial Board – The Actuary
Member	7-04	10-04	Structured Settlement Valuation Committee
Moderator	9-04	9-04	23TS – Hedging and Other Mitigation Techniques
Panelist	10-06	10-06	065PD Life Settlements and the Future
Participant	10-07	2-09	Blue Ocean Strategies in Technology for Business Acquisition by the Life Insurance Industry
Member	11-07	10-10	Forecasting and Futurism Section Council
Member	11-08	10-09	Spring Meetings Program Committee
Member	10-09	10-10	Life and Annuity Symposium Committee
Panelist	5-10	5-10	022 – Predictable or Unpredictable? Forecasting in the 21 st Century
Friend	11-10	10-11	Forecasting and Futurism Section Council

Other Professional Qualifications

Fellow - Conference of Consulting Actuaries - 1987

Member - American Academy of Actuaries – 1979

Chartered Life Underwriter – 1978

Chartered Financial Consultant - 1981

Certified Computing Professional #033466 - 1981

31

Cook, Beth

From: Ryan, Thomas P.
Sent: Thursday, June 26, 2014 12:59 PM
To: Cook, Beth
Cc: Clark, Robert; 'Mike Durham'; Hulin, Charles C.; 'John M. Russo Esq. (John.Russo@Anthem.com)'; Veltri, Victoria; Lombardo, Paul
Subject: RE: Anthem Proposed Rate Application - Docket No. LH-14-55

Dear Attorney Cook:

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As OHA has stated in its reply, Mr. Beiluch is more than qualified due to his extensive actuarial experience and the Department should, consistent with its past allowance of his expert testimony, permit his participation as an expert and consider the probative value of his testimony.

Very truly yours,

Thomas Ryan
Assistant Attorney General
Office of the Attorney General
55 Elm Street
P.O. Box 120
Hartford, CT 06106

Phone: (860) 808-5355
Fax: (860) 808-5391
URL: <http://www.cslib.org/attygenl>

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Subject: RE: Anthem Proposed Rate Application - Docket No. LH-14-55
Importance: High

Please see attached.



Beth Cook
Counsel

State of Connecticut Insurance Department

Mail address: P.O. Box 816 | Hartford, CT 06142-0816

Location and Overnite Address: 153 Market Street, 7th Floor | Hartford, CT 06103

☎ 860.297.3998 | 📠 860.566.7410 | ✉ Beth.Cook@ct.gov | www.ct.gov/cid

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Dear Attorney Cook:

Please find attached the OHA's replies to Anthem's objections to its witness and exhibits, as well as a copy of Philip Bieluch's CV.

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Dear Attorney Cook:

We do not agree with your view that a witness who voluntarily testifies in an administrative proceeding is "required by law" to provide information for purposes of the Code of Ethics. In such circumstances, the witness may simply choose not to testify at all or not answer particular questions, unless there is either a law that directly demands his disclosure or some other compulsory process. Nevertheless, I forwarded your request for clarification to Mr. Bieluch immediately upon receiving it. He has not responded. It is our understanding that he is working out of state today. Therefore, we have not been unable to meet your deadline for his clarification. Nevertheless, as you know, the Department can certainly question Mr. Bieluch at the hearing tomorrow under oath regarding this matter.

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Beth Cook
Counsel

State of Connecticut Insurance Department

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Please see attached.



Beth Cook
Counsel
State of Connecticut Insurance Department
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From: Clark, Robert
Sent: Thursday, June 26, 2014 3:12 PM
To: 'Mike Durham'; Ryan, Thomas P.
Cc: Cook, Beth; Hulin, Charles C.; John M. Russo Esq. (John.Russo@Anthem.com); Veltri, Victoria; Lombardo, Paul
Subject: RE: Anthem Proposed Rate Application - Docket No. LH-14-55

Dear Attorney Cook:

We take strong exception to Attorney Durham's objection. Neither the Office of the Healthcare Advocate ("OHA") nor the Office of the Attorney General has engaged, or will engage, in conduct that will impair the orderly conduct of these proceedings. The OHA is doing its best to comply with the Department's pre-hearing requests under an extremely truncated schedule. It is neither unusual nor disruptive to voir dire a proposed witnesses through live testimony during an administrative proceeding. We will continue to do our best to accommodate the Department's pre-hearing requests and wish to assure the Department that we will conduct ourselves in a manner that will ensure a fair and orderly hearing.

Regards,

Robert W. Clark
Special Counsel to the Attorney General

From: Mike Durham [mailto:MDurham@ddnctlaw.com]
Sent: Thursday, June 26, 2014 2:58 PM
To: Ryan, Thomas P.
Cc: Cook, Beth; Clark, Robert; Hulin, Charles C.; John M. Russo Esq. (John.Russo@Anthem.com); Veltri, Victoria; Lombardo, Paul
Subject: Re: Anthem Proposed Rate Application - Docket No. LH-14-55

Attorney Cook, Anthem again objects to Attorney Ryan's additional arguments in his email below and stands on its Objections. The Hearing Officer's Decision granting the Office of the Healthcare Advocate limited intervention was premised in significant part on a finding that, based on the Petition, the Intervenor's participation in the public hearing would "not impair the orderly conduct of the proceeding". Establishing the qualifications of Mr. Bieluch as a healthcare expert is a threshold obligation that should be readily satisfied, as requested. Clearly, at this point, the Intervenor's failure to comply with the Hearing Officer's direction that that Office provide clarifying information relating to Mr. Bieluch's qualifications is interfering with the pre-hearing proceedings, and will interfere with the hearing tomorrow.

Sent from my iPhone

On Jun 26, 2014, at 2:11 PM, "Ryan, Thomas P." <Thomas.Ryan@ct.gov> wrote:

Dear Attorney Cook:

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Beth Cook

Counsel

State of Connecticut Insurance Department

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Importance: High

Please see attached.

<image001.gif>

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Counsel
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Location and Overnite Address: 153 Market Street, 7th Floor | Hartford, CT 06103
☎ 860.297.3998 | 📠 860.566.7410 | ✉ Beth.Cook@ct.gov | www.ct.gov/cid

From: Ryan, Thomas P.
Sent: Thursday, June 26, 2014 9:59 AM
To: Cook, Beth
Cc: Clark, Robert; 'Mike Durham'; Hulin, Charles C.; 'John M. Russo Esq. (John.Russo@Anthem.com)'; Veltri, Victoria
Subject: Anthem Proposed Rate Application - Docket No. LH-14-55

Dear Attorney Cook:

Please find attached the OHA's replies to Anthem's objections to its witness and exhibits, as well as a copy of Philip Bieluch's CV.

Thomas Ryan
Assistant Attorney General
Office of the Attorney General
55 Elm Street
P.O. Box 120
Hartford, CT 06106

Phone: (860) 808-5355
Fax: (860) 808-5391
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STATE OF CONNECTICUT

INSURANCE DEPARTMENT

April 5, 2005

Mr. Philip J. Bielulch, FSA, MAAA, FCA
Consultant
Insurance Strategies Consulting LLC
60 Tollgate Lane
Avon, CT 06001-2339

**Re: Request for Consulting Services
By the Financial Regulation Division of the Connecticut Insurance
Department in Connection with Statutory Financial Condition
Examinations of Insurance Companies Licensed in Connecticut
and the Acquisition of Control of Domestic Insurance Companies**

Dear Mr. Bielulch:

The Financial Regulation Division's Service Provider Selection Committee (the Committee) has reviewed your Statement of Qualifications and evaluated it for each category of consulting service that you applied to be considered for prospective outsourced work. The Committee's evaluation was based on the criteria for each category of service as set forth in the Request for Consulting Services.

This is to advise you that your Statement received approval for the categories listed below, and that you and/or your organization are now eligible to be considered for future outsourced work in the consulting category that you have been qualified for:

***Actuarial Services Life/Health
Reinsurance – Life/Health***

Once qualified, a service provider is eligible for outsourced assignments for a period of time up to three years. All approved service providers are required to submit annual fee schedules by January 31st of each year, and submit a new statement for consideration of continued participation by June 30, 2007.

Very truly yours,

/s/ James J. Gorman

James J. Gorman
Chief Examiner
Financial Regulation Division

JJG/fac