The Virgin Islands Consortium

All Blue Cross Blue Shield Healthcare Policies Good Until Expiration; Even As Company Prepares To Leave Territory, Potter Says

Health / **Published On May 13, 2016 10:44 AM /**

Staff May 13, 2016

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ST. CROIX -- Lieutenant Governor and Commissioner of Insurance Osbert Potter indicated on Thursday that a recent public announcement of Blue Cross Blue Shield-Virgin Islands withdrawal from the territory's insurance market was premature. In December, 2014, the company had proposed to offer individual health insurance policies in the territory through a three-tier product featuring bronze, silver and gold membership plans.

Mr. Potter, through the Office of the Lieutenant Governor, Division of Banking and Insurance, said that before a U.S.V.I.-licensed insurance company can withdraw from conducting insurance business in the islands, the company must first comply with the requirements set forth in Title 22, Virgin Islands Code, Chapter 9, Section 224 (a), which states as follows:

§ 224. Withdrawal of insurer; reinsurance (a) No insurer shall withdraw from this territory until its direct liability to its policyholders and obligees under all its insurance contracts then in force in this territory has been assumed by another authorized insurer under an agreement approved by the Commissioner. In the case of a life insurer, its liability pursuant to contracts issued in this territory in settlement of proceeds under its policies shall likewise be so assumed.

Mr. Potter informed B.C.B.S. in a letter dated April 27, 2016, that the company cannot withdraw from the Virgin Islands until he, as commissioner of Insurance, approves an agreement between B.C.B.S. and another authorized insurance company for that company to take over B.C.B.S.'s book of business, in order to guarantee the protection of B.C.B.S.'s policyholders in the territory. In that same letter, Mr. Potter told B.C.B.S. that a public announcement should not be made until policyholders were first notified.

Carlos D. Torres, senior vice president of B.C.B.S. U.S.V.I., responded in a letter dated May 3, 2016, stating: “Specifically, B.C.B.S. U.S.V.I. intends to abstain from selling new group health insurance products or renewing existing group health insurance business in the Virgin Islands effective August 1, 2016. We will do so in compliance with all laws, regulations and then-current insurance contracts. This means that we will honor our obligations under all Portfolio policies issued before August 1, 2016 until such contracts have expired and all claims thereunder have been paid.”

Mr. Potter and Division of Banking and Insurance Director Gwendolyn Brady, jointly informed B.C.B.S. U.S.V.I. policyholders that B.C.B.S. U.S.V.I. has represented to the Office of the Lieutenant Governor that the company will honor all policies until the policy expires. Therefore, all B.C.B.S. U.S.V.I. cards are still valid and can be used until the policy expires.

According to the release, Mr. Potter is not obligated to approve the withdrawal of Blue Cross Blue Shield until receipt of proof that the liability of Blue Cross Blue Shield to its policyholders and obligees is fully assumed by another authorized insurer and that the policyholders in this territory are protected.

There have been ongoing negotiations between B.C.B.S. and VI Equicare, the local Preferred Provider Organization (P.P.O.) dating as far back as the previous administration. Under the current administration, Mr. Potter and Ms. Brady have called numerous meetings to facilitate an agreement between Blue Cross Blue Shield and VI Equicare that would provide individual health insurance coverage for the 30,000 uninsured individuals in the territory. It is unfortunate that the parties were unable to reach an agreement, according to the release.

Mr. Potter and the Division of Banking and Insurance are very aggressively continuing the efforts to identify an insurance company that will provide individual health insurance coverage in the Virgin Islands, says the release.

For further information, please contact Ms. Brady on St. Thomas at 340-774-7166 and on St. Croix and 340-773-6459.