



**BlueCross & BlueShield  
United of Wisconsin**

An independent licensee of the Blue  
Cross and Blue Shield Association

Stephen E. Bablitch  
Vice President and  
General Counsel

Corporate Headquarters  
401 West Michigan Street  
P.O. Box 2025  
Milwaukee, WI 53201-2025  
Telephone 414.226.6979

January 8, 2001

Mr. Guenther Ruch  
Wisconsin Office of the Commissioner of Insurance  
Division of Regulation and Enforcement  
121 East Wilson Street  
Madison, WI 53707-7873

RE: Wisconsin United for Health Foundation, Inc.

Dear Mr. Ruch:

This letter is in response to your inquiry on the status of the Foundation. I have enclosed all correspondence between the company and Foundation Board members since Randy Blumer's October 17 letter.

The following steps have been taken to "activate" the Foundation:

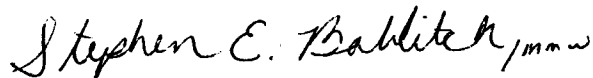
- Tom Rose of Foley and Lardner has drafted the changes to the Articles of Incorporation and Bylaws required by the Commissioner's Order. Since the Order did not specify term limits for the members of the Board, Foley and Lardner requested the Commissioner's input on this item. Once this information is received we can complete the amendments to the Articles and Bylaws and submit them to the Commissioner for review.
- BCBSUW staff members have contacted board members to determine availability and are now coordinating schedules to establish the first meeting date. Michelle Moore Webb of my staff has been assigned the task of coordinating the meeting and is working directly with Ben Brancel's staff.
- Foley and Lardner has prepared all necessary initial board resolutions.
- I have personally met with Ben Brancel three times to discuss the purpose of the Foundation Board and to answer any questions he had regarding the Commissioner's Order and the conversion. My most recent meeting with Ben included Joe Branch and Tom Rose of Foley and Lardner and Michelle Moore Webb.
- BCBSUW is providing all necessary administrative and legal support to activate the Foundation.
- Ben Brancel is aware of BCBSUW's obligation to provide a contribution to the Foundation of up to \$2,000,000. At the initial board meeting, members will discuss the hiring of administrative support and outside advisors. Once the board members

determine how they wish to proceed, we will provide support or funds as they request. BCBSUW is tracking all legal and administrative support provided to the Foundation and will offset the cost of these services against the required contribution.

BCBSUW has expended much time, effort and money to activate the Foundation even though the Order of the Commissioner did not direct such action. The Order is silent with respect to who has the responsibility of "activating" the Foundation Board, other than the filing of documents. The Order itself makes it plain that OCI did not want BCBSUW to have anything to do with the Foundation Board. The Order states as follows: "BCBSUW and its affiliates shall have no authority or responsibility with respect to the foundation, including its governance." (pp. 19, 20, sec.1. (1)). Nevertheless, we were asked by OCI to organize and coordinate the first meeting of the Foundation Board. As mentioned above, we are currently scheduling the first meeting of the Foundation Board of Directors.

I trust that this information responds to your request. Please let me know if there is anything else you need.

Sincerely,

A handwritten signature in cursive script that reads "Stephen E. Bablitch, M.D." The signature is written in black ink and is positioned above the printed name.

Stephen E. Bablitch

cc: Randy Blumer  
Fred Nepple  
Ben Brancel



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October 24, 2000

Mr. Ben Brancel  
Secretary  
Department of Agriculture, Trade &  
Consumer Protection  
2811 Agriculture Drive  
Madison, WI 53718

RE: Public Health Foundation

Dear Mr. Brancel:

As stated in the attached letter from the Office of the Commissioner of Insurance, Blue Cross & Blue Shield United of Wisconsin (BCBSUW) is charged with the task of activating the public health foundation. As you know, the foundation will be the recipient of the stock created as a result of BCBSUW's conversion to a stock corporation. BCBSUW is also required to provide up to \$2,000,000 in administrative and financial support to the foundation to achieve its full operating capacity.

In order to fulfill these obligations, BCBSUW is beginning to organize the first meeting of the Board of Directors of the new foundation. I would like to meet with you at your earliest convenience to discuss the agenda for the first Board meeting. My secretary, Lana Hertel, will be contacting your office to arrange the meeting in Madison. I plan on asking our legal counsel for the conversion, Joe Branch of Foley & Lardner, to attend the meeting as well.

As we are hoping to convene the first meeting of the Board of Directors sometime between Thanksgiving and Christmas, my secretary will also contact your office to determine your availability during that timeframe. We will then contact the other Board members and establish the date and place of the first meeting. We anticipate that the first meeting will be between 3 and 4 hours in duration.

Please feel free to contact me at any time to discuss the Board meeting or any other issue regarding the new foundation.

Sincerely,

*Stephen E. Bablitch /lh*  
Stephen E. Bablitch

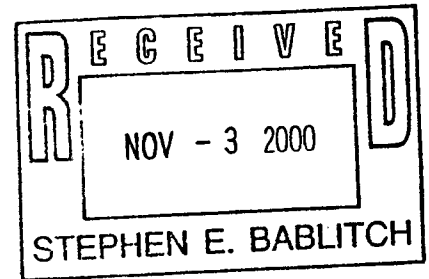


State of Wisconsin  
Tommy G. Thompson, Governor

Department of Agriculture, Trade and Consumer Protection  
Ben Brancel, Secretary

October 31, 2000

Mr. Stephen E. Bablitch  
Vice President and General Counsel  
Blue Cross & Blue Shield United of Wisconsin  
401 West Michigan Street  
PO Box 2025  
Milwaukee, WI 53201-2025



Dear Mr. Bablitch:

Thank you for your letter. I am certainly looking forward to working on the Public Health Foundation and appreciate your help in the early stages of convening the Board of Directors.

I will be available early next week to meet with you to establish the agenda for the first board meeting. In an effort to ensure good attendance at the first foundation board meeting perhaps you could have your office contact the other members of the foundation board to survey them on their availability in December. I am available on December 6, 7, 8, 11, 13 or 15.

I sincerely look forward to working with you on the foundation. If you have any further questions or concerns, please feel free to contact me.

Sincerely,

BEN BRANCEI  
Secretary



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Telephone 414.226.6979

December 19, 2000

Mr. Ben Brancel  
Secretary  
Department of Agriculture, Trade  
& Consumer Protection  
2811 Agriculture Drive  
Madison, WI 53718

RE: Public Health Foundation

Dear Mr. Brancel:

As we discussed, we were unable to schedule the first meeting of the Board of Directors for the Wisconsin United for Health Foundation, Inc. in December of 2000. My staff has contacted your office and secured the following as potential meeting dates in 2001: January 26, February 5, 8, 13, 14, 19 and 28.

We still anticipate that the first meeting will be between three and four hours in duration. Once we have determined the availability of the other members of the Board, my staff will contact your office to finalize the date and discuss the time and place of the meeting.

Please feel free to contact me or Michelle Webb of my staff (414-226-6062) to discuss the Board meeting or any other issue regarding the new foundation.

Sincerely,

Stephen E. Bablitch



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## **LETTER SENT TO FOUNDATION BOARD OF DIRECTORS**

December 20, 2000

«Title» «FirstName» «LastName»  
«JobTitle»  
«Company»  
«Address1»  
«Address2»  
«City», «State» «PostalCode»

**RE: Initial Meeting of the Foundation Board of Directors**

Dear «Title» «LastName»:

Thank you once again for agreeing to serve as a member of the Board of Directors for the public health foundation created by Blue Cross & Blue Shield United of Wisconsin ("BCBSUW"). BCBSUW and the Wisconsin Office of the Commissioner of Insurance have agreed that the name of the foundation will be the "**Wisconsin United for Health Foundation, Inc.**"

The Office of the Commissioner of Insurance has requested that BCBSUW begin the process of activating the Foundation. I recently met with the Chair of the Board, Ben Brancel, Secretary of the Department of Agriculture, Trade and Consumer Protection, to discuss a proposed agenda for the first meeting. The proposed agenda includes a discussion of the status of the BCBSUW conversion, an explanation of the process by which the Foundation will become funded, election of officers, and approval of the Foundation's Articles of Incorporation and Bylaws.

The following dates in 2001 are currently being considered for the initial meeting: January 26, February 5, 8, 13, 14, 19 and 28. Please contact Tracie Schaffer at (414) 226-6998 with your availability for these dates. The first meeting will be held in either Madison or Milwaukee and will be between 3-4 hours in duration. Please let us know if you wish to attend by conference call and we will make the necessary arrangements. We will contact you with the time and place of the meeting once the date is finalized.

Please feel free to contact my staff member, Michelle Moore Webb (414-226-6062), to discuss the Board meeting or any other issue regarding the Foundation.

Sincerely,

Stephen E. Bablitch

cc: Ben Brancel