



RE: Further information request re: Advisory Opinion Request 2014-11 (Health Care Services Corporation Employees' Political Action Committee (HCSC))

Gross, Kenneth A

to:

'chemsley@fec.gov'

09/17/2014 11:37 AM

Cc:

"rkноп@fec.gov", "Ricciardelli, Charles M"

Hide Details

From: "Gross, Kenneth A" <Kenneth.Gross@skadden.com>

To: "chemsley@fec.gov" <chemsley@fec.gov>,

Cc: "rkноп@fec.gov" <rkноп@fec.gov>, "Ricciardelli, Charles M"

<Charles.Ricciardelli@skadden.com>

History: This message has been forwarded.

Here are our responses to the questions you posed:

1) Does Health Care Service Corporation ("HCSC") have the authority to demote/promote/hire employees of Blue Cross Blue Shield Association ("BCBSA")? If so, please describe that authority.

No.

2) Is HCSC a member of BCBSA?

The relationship between BCBSA and HCSC is a licensor/licensee relationship. While we understand that BCBSA was formed as a membership corporation under Illinois law, HCSC's relationship under that structure is similar to the Wellpoint-BCBSA relationship described in FEC AO 1999-39, where the Commission found no affiliation.

3) Did HCSC play a role in forming BCBSA? If so, please describe that role.

BCBSA came about in 1982 as a result of a merger of the Blue Cross Association and the Blue Shield Association. Each of those entities has a long history and the use of the Blue Cross and Blue Shield marks dates back to the 1930s. HCSC did not form those entities. We know that HCSC had a role in the merger, as did the other the licensees, in that BCBSA was to be their licensor. Unfortunately, we have been unable to uncover further information on the extent of the role that HCSC or the other licensees may have played, except we believe the licensees had equal voices.

4) What percentage of HCSC's total annual revenue (including revenue from subsidiaries) is derived from non- BCBSA branded products/services?

We are unable to provide these numbers because HCSC's financial information is not broken down in this fashion. As we noted in the request, HCSC is not a publicly traded entity. As we also noted in the request, HCSC is making significant investments and capital commitments in its non-blue businesses.

5) What percentage of HCSC's total employees are employed providing non-BCBSA branded products/services? Looking at HCSC's website (<http://www.hcsc.com/statistics.html>), it appears that of its "over 21,000" employees, "over 2,400" (roughly 11%) of them are employed by HCSC subsidiaries that are not BCBSA licensees. Are these numbers current and correct?

This is correct to the extent that these subsidiaries provide "non-blue services." However, please note that some of the non-blue subsidiaries are trademark licensees, as a legal matter.

6) What percentage of HCSC's total assets is held by its non-BCBSA subsidiaries?

See the answer to 4 above.

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Skadden

**From:** [chemsley@fec.gov](mailto:chemsley@fec.gov)  
**Sent:** Friday, September 12, 2014 12:30 PM  
**To:** Gross, Kenneth A (WAS); Ricciardelli, Charles M (WAS)  
**Cc:** [ANotH@fec.gov](mailto:ANotH@fec.gov); [rknop@fec.gov](mailto:rknop@fec.gov)  
**Subject:** Further information request re: Advisory Opinion Request 2014-11 (Health Care Services Corporation Employees' Political Action Committee (HCSC))

Messrs. Gross and Ricciardelli,

Regarding your request on behalf of the Health Care Service Corporation Employees' PAC, we have been asked by Commissioners to request the following information with regard to AOR 2014-11 (HCSC). As we mentioned in a recent phone call, the Commission would like to consider this request at its September 18, 2014, meeting.

- 1) Does Health Care Service Corporation ("HCSC") have the authority to demote/promote/hire employees of Blue Cross Blue Shield Association ("BCBSA")? If so, please describe that authority.
- 2) Is HCSC a member of BCBSA?
- 3) Did HCSC play a role in forming BCBSA? If so, please describe that role.
- 4) What percentage of HCSC's total annual revenue (including revenue from subsidiaries) is derived from non-BCBSA branded products/services?
- 5) What percentage of HCSC's total employees are employed providing non-BCBSA branded products/services? Looking at HCSC's website (<http://www.hcsc.com/statistics.html>), it appears that of its "over 21,000" employees, "over 2,400" (roughly 11%) of them are employed by HCSC subsidiaries that are not BCBSA licensees. Are these numbers current and correct?
- 6) What percentage of HCSC's total assets are held by its non-BCBSA subsidiaries?

Your response may be treated as a supplement to the advisory opinion request and, as such, may be placed on the public record.

Many thanks,

Cheryl

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**Further information about the firm, a list of the Partners and their professional qualifications will be provided upon request.**

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