

**IN THE MISSOURI DEPARTMENT OF INSURANCE,
FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION**

**In Re: FREEDOM LIFE INSURANCE)
COMPANY OF AMERICA)
SERFF TRACKING NUMBER) Case No. 141125747C
USHG-129801734)**

ORDER DISAPPROVING FORM FILING

Upon review and consideration of the filing of Freedom Life Insurance Company of America, SERFF Tracking Number USHG-129801734, specifically Form STUSHA-2014-IP-MO-FLIC, the Deputy Director DISAPPROVES said form for the reasons stated below.

FINDINGS OF FACT

1. John M. Huff is the Director of the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri (“Director” of the “Department”).
2. Freedom Life Insurance Company of America (“Freedom Life”), NAIC Number 62324, is a foreign life and health insurance company organized pursuant to the laws of the state of Texas and transacting insurance business in the state of Missouri pursuant to a Certificate of Authority issued by the Director.
3. Pursuant to §376.777,¹ insurance companies licensed to transact business in this state may not deliver or issue for delivery in this state a policy of accident or health insurance unless the form has been approved.
4. The Division of Market Regulation (the “Division”) is designated pursuant to section 374.075 to review the forms that are filed by insurance companies.
5. Freedom Life filed a policy form with the Director via the System for Electronic Rate and Form Filing (“SERFF”) on November 10, 2014. The SERFF Tracking Number is USHG-129801734 (“Filing”).
6. The Filing contains, in pertinent part, form STUSHA-2014-IP-MO-FLIC, identified as a Short Term Medical-Surgical Expense Plan (“Policy”).
7. Freedom Life filed the Policy within SERFF as Individual Health-Major Medical insurance.

¹All statutory citations are to RSMo (Supp. 2014).

8. Brackets ([. . .]) within a form reviewed by the Division indicate that the language within the brackets may be included or excluded from the form, or the brackets may indicate a numeric range.
9. All combinations of benefits, coverages, or terms in brackets could be included in an issued form.
10. Conversely, all benefits, coverages, or terms in brackets could be excluded from an issued form.
11. On page 17 of the Policy under the section titled When Coverage Begins and Ends and the subsection titled Eligibility and Additions, the form states:

Your Spouse; Your unmarried dependent children who are under the age of nineteen (19) (through age twenty-four (24) if a **Full-Time Student**), and grandchildren who are considered **Your** dependents for federal income tax purposes and who are under age nineteen (19) (through age twenty-four (24) if a **Full-Time Student**); any children which an **Insured** is required to insure under a medical support order; any child whom **You or Your Spouse** (if listed as an **Other Insured** on the **Policy Schedule**) intends to adopt and has become a party to a suit for that purpose; and any child who is in the custody of an **Insured** under a temporary court order that grants the **Insured** conservatorship of the child, are eligible for this coverage. Any eligible dependent (other than a newborn or adoptee) will be added to this **Policy** for the remainder of the time this **Policy** is in full force and effect when **We** approve the written application for such coverage and accept payment of any necessary premium.

The **Primary Insured's** newborn child (only if the pregnancy is found by a **Provider** to have begun after the **Primary Insured's Issue Date**) and children adopted, or placed for adoption, regardless of age, with **You or Your Spouse** while this **Policy** is in full force and effect, will be automatically insured under this **Policy** for a period of thirty-one (31) days from and after the moment of birth of a newborn child or after the date of the adoption placement of an adoptee.

(Emphasis in original.)

12. On page 15 of the Policy under the section titled Definitions, Freedom Life defines Sickness as:

Illness or disease afflicting an **Insured**, including **Medically Necessary** care and treatment of medically diagnosed congenital

defects and birth abnormalities of a newborn child, which first **Manifests** itself [on or after] [[three (3) -thirty (30)] days after] the **Issue Date** shown on the **Policy Schedule**, and while this **Policy** is in force and effect for such **Insured**. Pregnancy, pre-natal evaluations and monitoring, labor and delivery, and recovery therefrom are not considered a **Sickness** under this **Policy** unless they constitute **Complications of Pregnancy**.

(Emphasis in original.)

13. On page 11 of the Policy under the section titled Definitions, Freedom Life defines Medical Foods in a bracketed section as:

[M]odified low protein foods and metabolic formulas. Metabolic formulas are foods that are all of the following: (i) formulated to be consumed or administered enterally under the supervision of a **Provider**, (ii) processed or formulated to be deficient in one or more of the nutrients present in typical foodstuffs, (iii) administered for the medical and nutritional management of a person who has limited capacity to metabolize foodstuffs or certain nutrients contained in the foodstuffs or who has other specific nutrient requirements as established by medical evaluation, and (iv) essential to a person's optimal growth, health and metabolic homeostasis.

Modified low protein foods are foods that are all of the following: (i) formulated to be consumed or administered enterally under the supervision of a **Provider**, (ii) processed or formulated to contain less than one gram of protein per unit of serving, but does not include a natural food that is naturally low in protein, (iii) administered for the medical and nutritional management of a person who has limited capacity to metabolize foodstuffs or certain nutrients contained in the foodstuffs or who has other specific nutrient requirements as established by medical evaluation, and (iv) essential to a person's optimal growth, health and metabolic homeostasis.

(Emphasis in original.)

14. On pages 27 and 28 of the Policy under the section titled Benefits and Claim Procedures and the bracketed subsection titled Inherited Metabolic Disorders, the form states:

Coverage for **Medical Foods**, metabolic supplements and gastric disorder formulas prescribed or ordered while coverage under this **Policy** is in full force and effect under the supervision of a

Provider are covered at fifty percent (50%) of the **Maximum Allowable Charge**, up to a maximum of five thousand dollars (\$5,000) per **Insured**, and are not subject to the **Benefit Deductible** or the **Insured Coinsurance Percentage**, but are subject to any applicable **Separate Deductible For Non-Participating Providers** and the **Non-Participating Provider Insured Coinsurance Percentage**.

Coverage for amino acid-based formulas for eosinophilic gastrointestinal disorder prescribed or ordered while coverage under this **Policy** is in full force and effect under the supervision of a **Provider** are covered at seventy-five percent (75%) of the **Maximum Allowable Charge**, up to twenty thousand dollars (\$20,000) per **Insured**, and are not subject to the **Benefit Deductible** or the **Insured Coinsurance Percentage**, but are subject to any applicable **Separate Deductible For Non-Participating Providers** and the **Non-Participating Provider Insured Coinsurance Percentage**.

For non-inherited disorders, enteral nutrition is considered **Medically Necessary** when the **Insured** has:

- 1) a permanent non-function or **Sickness** of the gastrointestinal structures that normally permit food to reach the small bowel; or
- 2) a **Sickness** of the small bowel which impairs digestion and absorption of an oral diet consisting of solid or semi-solid foods.

The following are not considered **Medically Necessary** and are not covered as a **Medical Food**, metabolic supplement or gastric disorder formula:

- 1) standard oral infant formula;
- 2) food thickeners, baby food, or other regular grocery products;
- 3) nutrition for a diagnosis of anorexia; or
- 4) nutrition for nausea associated with mood disorder and end-stage disease.

(Emphasis in original.)

CONCLUSIONS OF LAW

15. The Director shall approve only those policy forms that are in compliance with Missouri insurance laws, and “which contain such words, phraseology, conditions, and provisions which are specific, certain and unambiguous and reasonably adequate to meet needed requirements for the protection of those insured,” pursuant to §376.777.

16. The Director may disapprove a form filed with the Department, and in doing so must state the reasons for the disapproval in writing, pursuant to §376.777.

**Freedom Life's Policy Does Not Comply with §376.406 -
Coverage for Newborn Children**

17. Section 376.406 states in relevant part:

1. *All health benefit plans which provide coverage for a family member of an enrollee shall, as to such family member's coverage, also provide that the health benefits applicable for children shall be payable with respect to a newly born child of the enrollee from the moment of birth.*

2. *The coverage for newly born children shall consist of coverage of injury or sickness including the necessary care and treatment of medically diagnosed congenital defects and birth abnormalities.*

(Emphasis added.)

18. Freedom Life's Policy is not compliant with Missouri insurance laws. Under the subsection titled Eligibility and Additions, the Policy is noncompliant with §376.406.1, which states that, if the policy provides coverage for dependents, coverage for newborns will also be provided from the moment of birth. Freedom Life's Policy provides that coverage for a newborn will automatically be effective at the moment of birth, but "only if the pregnancy is found by a Provider to have begun after the Primary Insured's Issue Date[.]" Section 376.406.1 does not impose such a requirement; rather it mandates coverage for newborn children and does not provide for temporal exceptions. For this reason, the Policy violates §376.406 and, therefore, does not comply with the laws of this state as required by §376.777.
19. Freedom Life's Policy is not compliant with Missouri insurance laws. Under the section titled Definitions, the Policy's definition of "Sickness" is noncompliant with §376.406.2, which provides that "coverage for newly born children shall consist of coverage of injury or sickness including the necessary care and treatment of medically diagnosed congenital defects and birth abnormalities." Freedom Life's Policy defines Sickness to include "congenital defects and birth abnormalities of a newborn child," which first manifests itself on or some amount of time after the issue date. Section 376.406.2 does not permit a requirement that congenital defects and birth abnormalities manifest at some specific time with respect to newborns; rather, it mandates such coverage for newborn children and does not provide for time-barred exceptions. For this reason, the Policy violates §376.406 and, therefore, does not comply with the laws of this state as required by §376.777.

**Freedom Life's Policy Does Not Comply with §376.1219 -
Coverage for PKU Formula and Low Protein Modified Food Products**

20. Section 376.1219 states in relevant part:

1. Each policy issued by an entity offering individual and group health insurance which provides coverage on an expense-incurred basis, individual and group health service or indemnity type contracts issued by a nonprofit corporation, individual and group service contracts issued by a health maintenance organization, all self-insured group health arrangements to the extent not preempted by federal law, and all health care plans provided by managed health care delivery entities of any type or description, that are delivered, issued for delivery, continued or renewed in this state on or after September 1, 1997, shall provide coverage for formula and low protein modified food products recommended by a physician for the treatment of a patient with phenylketonuria or any inherited disease of amino and organic acids who is covered under the policy, contract, or plan and who is less than six years of age.

(Emphasis added.)

21. Freedom Life's Policy is not compliant with Missouri insurance laws. Under the bracketed subsection titled Inherited Metabolic Disorders, the Policy addresses §376.1219; however, the benefits are bracketed, indicating that the language within the brackets may be included or excluded from the issued policy form. The benefits under §376.1219 are mandated and, thus, may not be bracketed. For this reason, the Policy violates §376.1219 and, therefore, does not comply with the laws of this state as required by §376.777.
22. After review and consideration of the policy form included in Freedom Life's Filing, the company has failed to demonstrate its compliance with Missouri law as enumerated herein.
23. While there may be additional reasons as to why this policy form does not comply with Missouri's insurance laws, the reasons stated herein are sufficient to disapprove the form.
24. Each reason stated herein for disapproval of policy form is a separate and sufficient cause to disapprove such form.
25. Freedom Life's Policy does not comply with Missouri law. As such, said form is not in the public interest.

26. This Order is in the public interest.

IT IS THEREFORE ORDERED that Form STUSHA-2014-IP-MO-FLIC is hereby **DISAPPROVED**. Freedom Life Insurance Company of America is hereby prohibited from delivering or issuing for delivery any Policy of individual health insurance utilizing said form.

SO ORDERED, SIGNED AND OFFICIAL SEAL AFFIXED THIS 31 day of December, 2014.





JAMES R. MCADAMS
DEPUTY DIRECTOR

NOTICE

TO: Freedom Life Insurance Company of America and any unnamed persons aggrieved by this Order:

You may request a hearing on the disapproval of this form. You may do so by filing a pleading with the Director of the Department of Insurance, Financial Institutions and Professional Registration, P.O. Box 690, Jefferson City, MO 65102, within 30 days after the mailing of this notice pursuant to 20 CSR 800-1.030.

CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of December, 2014, a copy of the foregoing Order and Notice was

Served via certified mail addressed to:

Benjamin Cutler
President
Freedom Life Insurance Company of America
3100 Burnett Plaza
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