

IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI

In Re:)
)
COVENTRY HEALTH AND LIFE) **Market Conduct Investigation No. 281529**
INSURANCE COMPANY)
(NAIC #81973))

ORDER OF THE DIRECTOR

NOW, on this 23rd day of January, 2020, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (hereinafter "Stipulation") entered into by the Division of Insurance Market Regulation (hereinafter "Division"), and Coventry Health and Life Insurance Company (NAIC #81973) (hereinafter "Coventry"), relating to the market conduct investigation set out in the caption above, does hereby issue the following orders:

This order, issued pursuant to §374.046.15¹ and §374.280 is in the public interest.

IT IS THEREFORE ORDERED that Coventry and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that Coventry shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place it in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri, and to maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

IT IS FURTHER ORDERED that Coventry shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$51,000.00, payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 23rd day of January, 2020.



Chlora Lindley-Myers
Chlora Lindley-Myers
Director

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended.

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STATE OF MISSOURI**

In Re:)
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 COVENTRY HEALTH AND LIFE) **Market Conduct Investigation No. 281529**
 INSURANCE COMPANY)
 (NAIC #81973))

STIPULATION OF SETTLEMENT

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the "Division"), and Coventry Health and Life Insurance Company (NAIC #81973) (hereinafter "Coventry"), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Commerce and Insurance (hereinafter, the "Department"), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State of Missouri; and

WHEREAS, Coventry has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Division conducted a Market Conduct Investigation of Coventry, Investigation No. 281529;

WHEREAS, based on the Market Conduct Investigation of Coventry, the Division alleges that:

1. Coventry implemented an extra-contractual requirement that laboratory and pathology services must be rendered by "preferred" providers in violation of §375.445.1(2)¹.
2. Coventry represented to claimants and insureds that coverage for laboratory and pathology services required the use of "preferred" laboratory or pathology providers, when, in fact,

Coventry's contract did not require the use of "preferred" providers in violation of §375.1007 (1) and §375.1005.

WHEREAS, the Division and Coventry have agreed to resolve the issues raised in the Market Conduct Investigation as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (hereinafter, "Stipulation") embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** Coventry agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agree to maintain those remedial actions at all times. Such remedial actions shall include the following:

1. Coventry agrees to provide coverage of laboratory and pathology services for Missouri PPO members in accordance with the terms of their insurance contract.

2. Coventry agrees not to represent to its Missouri PPO members or claimants that coverage for laboratory and pathology services require the use of a "preferred" provider unless such requirement is contained in their insurance contract.

3. Coventry agrees to revise its internal claims systems and manuals to remove any process whereby Coventry denies laboratory or pathology claims for Missouri PPO members based on the provider's network status, unless Coventry's insurance contract requires the use of network providers.

C. **Compliance.** Coventry agrees to file documentation with the Division, in a format

1. All references, unless otherwise noted, are to Revised Statutes of Missouri 2016, as amended.

acceptable to the Division, within 60 days of the entry of a final order of any remedial action taken to implement compliance with the terms of this Stipulation. Such documentation is provided pursuant to §374.190.

D. **Voluntary Forfeiture.** Coventry agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$51,000 such sum payable to the Missouri State School Fund, in accordance with §374.049.11 and §374.280.2.

E. **Other Penalties.** The Division agrees that it will not seek penalties against Coventry, other than those agreed to in this Stipulation, in connection with Market Conduct Investigation No. 281529.

F. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by Coventry, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct investigation.

G. **Waivers.** Coventry, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the Market Conduct Investigation No. 281529.

H. **Changes.** No changes to this Stipulation shall be effective unless made in writing and agreed to by representatives of the Division and Coventry.

I. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

J. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation, on behalf of the Division and Coventry respectively.


K. **Counterparts.** This Stipulation may be executed in multiple counterparts, each of

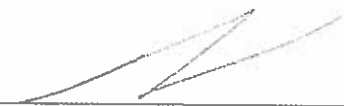
which shall be deemed an original and all of which taken together shall constitute a single document. Execution by facsimile or by electronically transmitted signature shall be fully and legally effective and binding.

L. **Effect of Stipulation.** This Stipulation shall not become effective until entry of a Final Order by the Director of the Department (hereinafter the "Director") approving this Stipulation.

M. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: 1/21/2020 
Angela L. Nelson, Director
Division of Insurance Market Regulation

DATED: 1/21/2020 
Stewart Freilich
Chief Market Conduct Examiner and Senior Counsel
Division of Insurance Market Regulation

DATED: 1/8/20 
Edward C. Lee
Vice President and Secretary
Coventry Health and Life Insurance Company