

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

**In Re: NATIONAL HEALTH)
INSURANCE COMPANY)
SERFF TRACKING NUMBER) Case No. 140107016C
ICCI-129331469)**

ORDER DISAPPROVING FORM FILING

Upon review and consideration of the filing of National Health Insurance Company, SERFF Tracking Number ICCI-129331469, specifically Forms NHIC GRP - HIO MO 2013, NHIC GP HIO MO 2013-CERT, NHIC GP HIO MO 2013-SCHED, and NHIC GRP HI MO 2013 APP the Director DISAPPROVES said forms 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. National Health Insurance Company (“National”), NAIC Number 82538, 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 §376.405,¹ insurance companies licensed to transact business in this state may not deliver or issue for delivery in this state a policy of group accident or group health insurance unless the form has been approved.
4. The Division of Market Regulation (the “Division”) is designated pursuant to section 374.075 with the review of forms that are filed by insurance companies.
5. National, through its authorized representative Insurance Compliance Consultants filed policy forms with the Director via the System for Electronic Rate and Form Filing (“SERFF”) on December 10, 2013. The SERFF Tracking Number is ICCI-129331469 (“Filing”).
6. The Filing contains, in pertinent part, forms: NHIC GRP - HIO MO 2013, identified as Group Hospital Indemnity Insurance Master Policy (“Group Policy”); NHIC GP HIO MO 2013-CERT, identified as Group Hospital Indemnity Insurance Certificate of Coverage (“Certificate”); NHIC GP HIO

¹ All statutory citations are to RSMo (Supp. 2013).

MO 2013-SCHED, identified as Group Hospital Indemnity Insurance Certificate Schedule ("Certificate Schedule"); and NHIC GRP HI MO 2013 APP, identified as Policyholder Application for Group Accident and Sickness Hospital Indemnity Insurance ("Application").

7. National's Filing is a group hospital indemnity policy that provides benefits due to accident and sickness.
8. Brackets ([. . .]) within a policy form reviewed by the Division indicate that the language within the brackets may be in or out of the policy form.
9. On page 11 of the Certificate under the section titled Newborn Child Hospital Care Benefit, National states:

We will pay the Newborn Child Hospital Care Benefit shown on the Certificate Schedule, if the Named Insured or the Named Insured's covered Spouse or Domestic Partner incurs charges for his or her newborn child's routine, post-natal care in a Hospital.

* * *

Pregnancy must be included as a Sickness in this Certificate and the newborn child must be born as a result of a pregnancy that began while pregnancy coverage was in force.

We will pay the amount shown on the Certificate Schedule for each Day the newborn child is confined, up to the Newborn Child Hospital Care Benefit maximum amount shown on the Certificate Schedule.

We will not pay this benefit if the pregnancy of the Named Insured or the covered Spouse or Domestic Partner of the Named Insured is a Pre-Existing Condition.

We will NOT pay the Newborn Child Hospital Care Benefit for:

* * *

- Treatment for any Injury or Sickness[.]

10. On page 2 of the Certificate Schedule under the section titled Newborn Child Hospital Care Benefit, National states:

Newborn Child Hospital Care Benefit	[\$100 - \$2,500] per day of hospital care
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Maximum Benefit	[1-4] days of hospital care per Certificate Year, Per Covered Newborn Child
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11. On page 2 of the Certificate Schedule under the section titled Hospital Confinement/Medical Facility Benefit, National states:

Hospital Confinement Benefit	[\$50 - \$3,000] per day of confinement
Maximum Benefit	[1-100] days per Certificate Year, Per [Covered Person] [Family]

12. On page 4 of the Policy under the section Termination of Insurance and the subsection Termination of This Contract, National states:

This Policy can be cancelled by You.

If the premium is not paid when it is due or during the grace period, subject to the grace period provision, this Policy will terminate at midnight on the last day of the grace period[.] You must pay all premium due for the full period each Certificate is in force.

You may cancel this Policy by written notice delivered to Us at least 31 days prior to the cancellation date. This Policy can be cancelled on an earlier date if We both agree. Coverage will end at 12:00 midnight Standard Time on the cancellation date.

13. On page 16 of the Certificate under the section Termination of Insurance and the subsection Termination of a Named Insured's Coverage, National states:

The coverage of a Named Insured will terminate on the earliest of the following dates:

- The date the Policy terminates;
- The last day of the month in which the Named Insured reaches the age of 65 or becomes eligible for Medicare;
- Midnight on the last day, for which premium was paid, if premium is not paid by the end of the grace period;
- 90 days after the date written notice was provided that the Named Insured is no longer in an eligible class
- The date the Named Insured's class is no longer included for insurance
- The date the Named Insured asks Us to end their coverage, or
- The date the Named Insured dies.

14. On pages 11 and 12 of the Certificate under the section titled Description of Benefits, National states:

[INPATIENT CHEMICAL ABUSE AND DEPENDENCE
DIAGNOSIS AND TREATMENT BENEFIT

We will pay the Inpatient Chemical Abuse and Dependence Diagnosis and Treatment Benefit, shown on the Certificate Schedule for Covered Persons receiving services provided in facilities which are accredited by the Joint Commission on Accreditation of Hospitals as alcoholism, substance abuse or chemical dependence treatment programs, for the treatment of Chemical Abuse and Chemical Dependence. Treatment must occur while the coverage is in force.

Benefits for detoxification services as a consequence of chemical dependence are subject to the Detoxification Maximum Benefit shown on the Certificate Schedule.

Benefits for inpatient rehabilitation services are subject to the inpatient Rehabilitation Maximum Benefit shown on the Certificate Schedule.

The term chemical abuse means alcohol and substance abuse.]

15. On page 2 of the Certificate Schedule under the section titled Benefits and the subsection Inpatient Chemical Abuse and Dependence Diagnosis and Treatment Benefit, National states:

Inpatient Chemical Abuse and Dependence Diagnosis and Treatment Benefit [\$50-\$3,000] per day

Inpatient Detoxification Maximum Benefit [5-100] days per Certificate Year per [Covered Person] [Family]

Inpatient Rehabilitation Maximum Benefit [5 -100] days per Certificate Year per [Covered Person] [Family]

16. Nowhere within the Application does National make an offer of benefits or coverage for chemical dependency.

CONCLUSIONS OF LAW

17. 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 §376.405.
18. 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 §376.405.

National's Filing is a Health Benefit Plan

19. Section 376.1350 states in relevant part:
 - (18) "Health benefit plan", a policy, contract, certificate or agreement entered into, offered or issued by a health carrier to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services...;
 - * * *
 - (21) "Health care service", a service for the diagnosis, prevention, treatment, cure or relief of a health condition, illness, injury or disease;
 - (22) "Health carrier", an entity subject to the insurance laws and regulations of this state that contracts or offers to contract to provide, deliver, arrange for, pay for or reimburse any of the costs of health care services, including a sickness and accident insurance company, a health maintenance organization, a nonprofit hospital and health service corporation, or any other entity providing a plan of health insurance, health benefits or health service[.]
20. Pursuant to §376.1350, National is a "health carrier" and National's Filing is a "health benefit plan" for the following reasons:
 - a. National is an entity subject to the insurance laws of this state that contracts to pay for or reimburse any of the costs of services to treat, cure or relieve a health condition, illness, injury, or disease.
 - b. The Filing is a policy, certificate, Certificate Schedule, and Application to be entered into, offered, or issued by National, as a "health carrier," to pay for or reimburse any of the costs of services to treat, cure or relieve a health condition, illness, injury, or disease.
21. Because National is a "health carrier" and its Filing qualifies as a "health benefit plan," National's Filing must comply with health insurance mandates as stated below.

National's Health Benefit Plan Does Not Provide All Required Benefits to
Newborn Children Under Missouri Law

22. 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.*

* * *

6. As used in this section, *the terms "health benefit plan", "health carrier", and "enrollee" shall have the same meaning as defined in section 376.1350.*

(Emphasis added.)

23. National's Certificate is not compliant with Missouri insurance laws. Under the section titled Newborn Child Hospital Care Benefit, National states that pregnancy must be an included coverage for the insured to receive newborn child benefits. Additionally, National states that newborn child benefits will not be provided if the insured, spouse, or domestic partner was pregnant prior to being covered by the policy. These provisions are not compliant with §376.406.1 for the following reasons:

- a. While benefits for newborn children must be provided if coverage is provided for family members, National requires coverage for pregnancy, rather than coverage for family members, for newborns to receive coverage.
- b. National attempts to exclude coverage for newborns if the pregnancy occurred before coverage began; however, the statute requires coverage for newborns if the policy provides coverage for family members.

As such, the Certificate does not comply with the laws of this state as required by §376.405. Each reason stated above is a separate and sufficient showing of noncompliance.

24. National's Certificate Schedule is not compliant with Missouri insurance laws. Under the section titled Newborn Child Hospital Care Benefit, National states

that the covered benefit for newborns can be between \$100 and \$2,500 per day and for between one and four days of care. This benefit range is not compliant with §376.406.1, which requires that health benefits applicable to children shall be payable with respect to newly born children. Within the Certificate Schedule under the section titled Hospital Confinement Benefit, National states that coverage for the insured or family, which would include children, can be between \$50 and \$3,000 per day and for between one and 100 days of care. Because the newborn child hospital confinement benefit is less than the hospital confinement benefit applicable to other dependent children, the Certificate Schedule does not comply with §376.406.1. As such, the Certificate Schedule does not comply with the laws of this state as required by §376.405.

25. National's Certificate is not compliant with Missouri insurance laws. Under the section titled Newborn Child Hospital Care Benefit, National states that it will not cover treatment for any injury or sickness for a newborn child. This is not compliant with §376.406.2, which requires coverage for newly born children to include coverage for injury or sickness. As such, the Certificate Schedule does not comply with the laws of this state as required by §376.405.

**National's Filing Does Not Substantively Provide All Provisions
Required In a Group Policy Under Section 376.426**

26. Section 376.426 states in relevant part:

No policy of group health insurance shall be delivered in this state unless it contains in substance the following provisions, or provisions which ... are more favorable...:

* * *

(15) *A provision specifying the conditions under which the policy may be terminated.* Such provision shall state that except for nonpayment of the required premium or the failure to meet continued underwriting standards, *the insurer may not terminate the policy prior to the first anniversary date of the effective date of the policy as specified therein*, and a notice of any intention to terminate the policy by the insurer must be given to the policyholder at least thirty-one days prior to the effective date of the termination. Any termination by the insurer shall be without prejudice to any expenses originating prior to the effective date of termination. An expense will be considered incurred on the date the medical care or supply is received;

(Emphasis added.)

27. Neither National's Certificate nor the Group Policy is compliant with Missouri insurance laws. Under the subsection titled "Termination of

Insurance,” the Certificate and Group Policy exclude a required substantive notice provision. The Certificate and Group Policy contain a list of potential termination dates but do not contain a provision disclosing that the insurer cannot terminate the policy prior to the first anniversary date. Section 376.426(15) requires a statement that substantively discloses that the insurer may not terminate the policy prior to the first anniversary date. As such, the Certificate and Group Policy do not comply with the laws of this state as required by §376.405.

28. “Specific” is defined as “precisely formulated or restricted; definite; explicit; of an exact or particular nature.”² “Certain” is defined as “ascertained; precise; identified; settled; exact; definitive; clearly known; unambiguous...”³ “An ambiguity exists when there is duplicity, indistinctness, or uncertainty in the meaning of the language in the policy. Language is ambiguous if it is reasonably open to different constructions.”⁴
29. National’s Group Policy and Certificate are not compliant with Missouri insurance laws. Within the Group Policy under the section titled Termination of Insurance, the Group Policy states that “if the premium is not paid when it is due or during the grace period, this Policy will terminate at midnight on the last day of the grace period[.]” Then within under the Certificate under the section titled Termination of Insurance, National states, “The coverage of a Named Insured will terminate on the earliest of the following dates ... Midnight on the last day, for which premium was paid, if premium is not paid by the end of the grace period[.]” The Group Policy and Certificate provide two different termination dates to end coverage in the event of nonpayment of premium. Stating two separate termination dates for a singular event is neither definite nor distinct and it is reasonably open to different constructions. As such, the Group Policy and Certificate use words, phraseology, conditions, and provisions which are not specific, certain and unambiguous and reasonably adequate to meet needed requirements for the protection of those insured as required by §376.405.

National’s Filing Does Not Properly Cover Benefits for Chemical Dependency Treatment

30. Section 376.811 states in relevant part:

1. Every insurance company and health services corporation doing business in this state *shall offer* in all health insurance policies benefits or coverage for chemical dependency meeting the following minimum standards:

² *Black’s Law Dictionary* 1398 (6th ed., West 1990).

³ *Id.* at 225.

⁴ *Seeck v. Geico Gen. Ins. Co.*, 212 S.W. 3d 129, 132 (Mo. banc 2007).

(1) Coverage for outpatient treatment through a nonresidential treatment program, or through partial- or full-day program services, of *not less than twenty-six days* per policy benefit period;

(2) Coverage for residential treatment program of *not less than twenty-one days* per policy benefit period; [and]

(3) *Coverage for medical or social setting detoxification of not less than six days per policy benefit period*.[.]

* * *

6. This section shall not apply to a supplemental insurance policy, including a life care contract, accident-only policy, specified disease policy, hospital policy providing a fixed daily benefit only, Medicare supplement policy, long-term care policy, hospitalization-surgical care policy, short-term major medical policy of six months or less duration, or any other supplemental policy as determined by the director of the department of insurance, financial institutions and professional registration.

(Emphasis added.)

31. National's Certificate is not compliant with Missouri insurance laws. Under the section titled Inpatient Chemical Abuse and Dependence Diagnosis and Treatment Benefit, National does not provide an outpatient benefit for treatment of chemical dependency as required by §376.811.1. As such, the Certificate does not comply with the laws of this state as required by §376.405.
32. National's Certificate Schedule is not compliant with Missouri insurance laws. Under the section that addresses chemical dependency, the Certificate Schedule does not comply with §376.811.1 as stated below:
- a. The Certificate Schedule does not provide an offered coverage for outpatient treatment of at least 26-days.
 - b. Additionally, the Certificate provides for an offered coverage for inpatient treatment ranging from five to 100 days per year. While the maximum range exceeds the statutory mandate, the minimum range is less than the twenty-one day requirement.
 - c. Finally, the Certificate provides for an offered coverage for inpatient detoxification ranging from five to 100 days per year. While the maximum range exceeds the statutory mandate, the minimum range is less than the six day requirement.

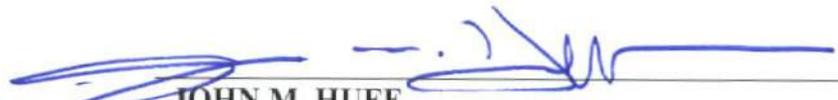
As such, the Certificate does not comply with the laws of this state as required by §376.405. Each reason stated above is a separate and sufficient showing of noncompliance.

33. National's Application is not compliant with Missouri insurance laws. Nowhere within the Application does National make the mandated offer of coverage for treatment of chemical dependency as required by §376.811.1. As such, the Application does not comply with the laws of this state as required by §376.405.
34. After review and consideration of the policy forms included in National's Filing, the company has failed to demonstrate its compliance with Missouri law as enumerated herein.
35. While there may be additional reasons as to why these policy forms do not comply with Missouri's insurance laws, the reasons stated herein are sufficient to disapprove the forms.
36. Each reason stated herein for disapproval of a policy form is a separate and sufficient cause to disapprove such form.
37. National's Group Policy, Certificate, Certificate Schedule, and Application do not comply with Missouri law. As such, said forms are not in the public interest.
38. This Order is in the public interest.

IT IS THEREFORE ORDERED that Forms NHIC GRP - HIO MO 2013, NHIC GP HIO MO 2013-CERT, NHIC GP HIO MO 2013-SCHED, and NHIC GRP HI MO 2013 APP are hereby **DISAPPROVED**. National Health Insurance Company is hereby prohibited from delivering or issuing for delivery any policies of group health insurance utilizing said forms.

SO ORDERED, SIGNED AND OFFICIAL SEAL AFFIXED THIS 24th day of January, 2014.




JOHN M. HUFF
DIRECTOR

NOTICE

TO: National Health Insurance Company and any unnamed persons aggrieved by this Order:

You may request a hearing on the disapproval of these forms. 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.

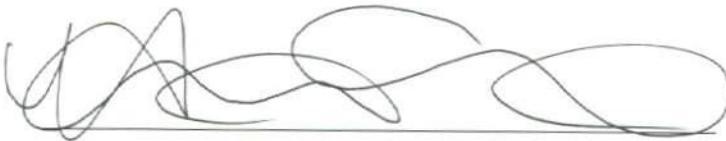
CERTIFICATE OF SERVICE

I hereby certify that on this 24th day of January, 2014, a copy of the foregoing Order and Notice was

Served via certified mail addressed to:

Charles Harris
1901 N St. Hwy 360
Grand Prairie TX 75050

Brenda Dawson
Authorized Representative
Insurance Compliance Consultants
3925 East State Street, Suite 200
Rockford, IL 61108

A handwritten signature in black ink, consisting of several loops and flourishes, positioned above a horizontal line.