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

In Re: FREEDOM LIFE INSURANCE	)	
COMPANY OF AMERICA	)	
SERFF TRACKING NUMBER	)	**Case No. 141201754C**
USHG-129802625	)	

ORDER DISAPPROVING FORM FILING

Upon review and consideration of the filing of Freedom Life Insurance Company of America, SERFF Tracking Number USHG-129802625, specifically Form STUP2-2014-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 11, 2014. The SERFF Tracking Number is USHG-129802625 ("Filing").

6. The Filing contains form STUP2-2014-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.

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[1]All 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 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.
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> 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.)

12. On page 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

13. 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.

14. 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 §376.1219 - Coverage for PKU Formula and Low Protein Modified Food Products

15. 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).

16. 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.

17. 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.

18. While there may be additional reasons as to why this policy form does not comply with Missouri's insurance laws, the reason stated herein is sufficient to disapprove the form.

19. Freedom Life's Policy does not comply with Missouri law. As such, said form is not in the public interest.

20. This Order is in the public interest.

IT IS THEREFORE ORDERED that Form STUP2-2014-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 23d 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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Martha Guevara
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Amy Feeler