



**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

TO: Office of the President
Mercy Health Plans
14528 South Outer Forty Rd.
Suite 300
Chesterfield, MO 63017-5702

RE: Missouri Market Conduct Examination 0903-10-TGT
Mercy Health Plans (NAIC #11529)

STIPULATION OF SETTLEMENT

It is hereby stipulated and agreed by John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and Mercy Health Plans as follows:

WHEREAS, John M. Huff is the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereafter referred to as "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 in Missouri; and

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

WHEREAS, the Department conducted a Market Conduct Examination of Mercy Health Plans and prepared report number 0903-10-LAH; and

WHEREAS, the report of the Market Conduct Examination has revealed that:

1. In some instances, Mercy Health Plans improperly denied claims, thereby violating §§160.900, 208.144, and 376.1218.4 and .5, RSMo, and 20 CSR 400-2.170(3)(B), (4)(B), (C)3.C. and (E).

2. In some instances Mercy Health Plans failed to properly communicate to the claimants the specific reason for its claim denials, in violation of §376.383.9, RSMo.

WHEREAS, Mercy Health Plans hereby agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those corrective actions at all times, including, but not limited to, taking the following actions:

1. Mercy Health Plans agrees to take corrective action to assure that the errors noted in the above-referenced market conduct examination reports do not recur;

2. Mercy Health agrees to review all denied claims dated January 1, 2006, to the date a final Order is entered closing this examination, to assure that the denial of the claim was properly communicated to the claimant, in accordance with §376.383.9, RSMo. If the denial was not properly communicated to the claimant, Mercy Health agrees to send proper notification of the denial to the claimant with a letter stating that the notice is being sent "as a result of findings from a market conduct examination performed by the Missouri Department of Insurance, Financial Institutions, and Professional Registration." Additionally, evidence should be provided to the Department within 90 days of the date a final Order is entered closing this examination that such notice has been sent to the claimants.

3. Mercy Health Plans agrees to review all denied claims dated January 1, 2006, to the date a final Order is entered closing this examination, to assure that the claim was properly adjudicated, in accordance with §376.1218, RSMo. If the claim was not properly adjudicated, Mercy Health Plans agrees to reopen and reprocess the claim. If the claim should have been paid, the Company will issue any payments that are due to the claimant, bearing in mind that an additional payment of one per cent (1%) interest is also required, per §376.384, RSMo, for any delayed payments from the date the claim was first received with a letter stating that the payments are being made "as a result of a Missouri Market Conduct examination." Additionally, evidence should be provided to the Department within 90 days of the date a final Order is entered closing this examination that such notice has been sent to the claimants.

4. Mercy Health Plans agrees to file documentation of all remedial actions taken by it to

implement compliance with the terms of this Stipulation of Settlement and to assure that the errors noted in the examination report do not recur, including explaining the steps taken and the results of such actions, with the Director within 90 days of the entry of a final Order closing this examination.

WHEREAS, Mercy Health Plans neither admits nor denies the findings or violations set forth above and enumerated in the examination report; and

WHEREAS, Mercy Health Plans is of the position that this Stipulation of Settlement is a compromise of disputed factual and legal allegations; and

WHEREAS, Mercy Health Plans, 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, which may have otherwise applied to the above referenced Market Conduct Examination; and

WHEREAS, Mercy Health Plans hereby agrees to the imposition of an ORDER of the Director as a result of Market Conduct Examination #0903-10-TGT.

NOW, THEREFORE, in lieu of the institution by the Director of any action for the SUSPENSION or REVOCATION of the Certificate(s) of Authority of Mercy Health Plans to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Mercy Health Plans does hereby voluntarily and knowingly waive all rights to any hearing, does consent to the ORDER of the Director.

DATED: 7-20-2010



President
Mercy Health Plans

