

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

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

TO: Office of the President
Premier Health Insurance Co., Inc.
14528 South Outer Forty Rd., Suite. 300
Chesterfield, MO 63017-5705

RE: Premier Health Insurance Co., Inc. (NAIC #11529)
Missouri Market Conduct Examination #0603-20-LAH

**STIPULATION OF SETTLEMENT
AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by Douglas M. Ommen, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and Premier Health Insurance Co., Inc. (NAIC #11529), (hereafter referred to as "PHIC"), as follows:

WHEREAS, Douglas M. Ommen 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, PHIC 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 PHIC and prepared report number 0603-20-LAH; and

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

1. In some instances, PHIC allowed small employers to designate a workweek of more than 30 hours per week before they are considered eligible for health plan coverage, thereby violating the requirements of §§379.930.2(15) and 379.940.2, RSMo. See also DIFP Bulletin, #07-07.

2. In some instances, PHIC failed to acknowledge the receipt of grievances received in calendar years 2003 – 2005 in writing within 10 working days, in violation of §376.1382.2(1), RSMo.

3. In some instances, PHIC failed to set forth with specificity the reason for which additional time was needed for the investigation of grievances received in calendar years 2004 – 2005, in violation of §376.1382.2(2), RSMo.

4. In some instances, PHIC failed to notify the enrollee in writing of its decision within five working days after completing its investigation of the claims received in calendar year 2005, in violation of §376.1382.2(3), RSMo.

5. In some instances, PHIC failed to provide a denial reason on the EOB and RA of denied mammogram claims, in violation of §§375.1005(2), 375.1007(12), 376.383.9, and 376.384.2, RSMo.

6. In some instances, PHIC improperly denied Pap Smear claims they reviewed, in that it failed to effectuate prompt, fair and equitable settlement of the claims once liability had become reasonably, in violation of §§375.1007(4), and 376.383.5, RSMo.

7. In some instances, PHIC improperly investigated and denied ER claims, unreasonably delayed the investigation or payment of those claims, failed to communicate a sufficiently clear explanation of the reasons for denial or requests for additional information, failed to follow its own plan and claims' handling procedures, and paid claims more than 45 days after their initial receipt, in violation of §§375.1007(1), (3), (4), (6) and (11), 376.383.5 and .9, RSMo.

8. In some instances, PHIC failed to conduct a reasonable investigation prior to denying Modifier – 26 claims received and processed by its *Diamond* claims system, in violation of §375.1007(6), RSMo, and 20 CSR 100-1.010(1)(B) and (G).

9. In some instances, PHIC failed to maintain its books, records, documents, and other business records and to provide relevant materials, files, and documentation in such a way to allow the examiners to sufficiently ascertain the rating and underwriting and claims handling and payment, complaint handling, termination, and marketing practices of the Company, thereby violating §374.205.2(2), RSMo, and 20 CSR 300-2.200(2) and (3).

WHEREAS, PHIC 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. PHIC agrees to take corrective action to assure that the errors noted in the above-referenced market conduct examination reports do not recur;

2. PHIC agrees to review all of its denied mammogram, Pap Smear, and ER claims submitted to the Company dated January 1, 2005, through May 1, 2008, to make a determination of liability. If the claim should have been paid, the Company agrees to issue any payments that are due to the claimants, bearing in mind that an additional payment of one per cent (1%) interest is also required on all electronically-submitted claims that were paid more than 45 days after receipt, per §376.384, RSMo, and at 9% on all paper claims pursuant to §408.020, RSMo, for any delayed payments from the date the claim was first received. A letter shall be included with the payments indicating that "as a result of a Missouri Market Conduct examination," it was found that additional payment were owed on the claim. Evidence shall also be provided to the Department that such payments have been made within 120 days after a final Order concluding this exam is entered by the Department; and

3. PHIC agrees to review all of its denied Modifier – 26 claims received through the *Diamond* and *Eagle* claims system dated January 1, 2005, through May 1, 2008, to make a determination of liability. If the claim should have been paid, the Company must issue any payments that are due to the claimants, bearing in mind that an additional payment of one per cent (1%) interest is also required on all electronically-submitted claims that were paid more than 45 days after receipt, per §376.384, RSMo. A letter should be included with the payments indicating that "as a result of a Missouri Market Conduct examination," it was found that additional payment was owed on the claim. Evidence should also be provided to the Department that such payments have been made within 120 days after a final Order concluding this exam is entered by the Department.

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

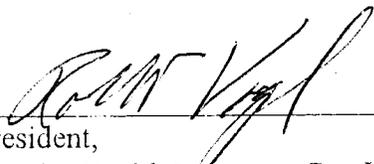
WHEREAS, PHIC is of the position that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that payment of a forfeiture is merely to resolve the disputes and avoid litigation; and

WHEREAS, PHIC, 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, PHIC hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #0603-20-LAH further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$36,072.81.

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 PHIC to transact the business of insurance in the State of Missouri or the imposition of other sanctions, PHIC does hereby voluntarily and knowingly waive all rights to any hearing, does consent to the ORDER of the Director and does surrender and forfeit the sum of \$36,072.81, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: April 7, 2009



President,
Premier Health Insurance Co., Inc.