

**DEPARTMENT OF COMMERCE & INSURANCE**

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

*In Re:* )  
 )  
HEALTHY ALLIANCE LIFE INSURANCE ) Market Conduct Investigation No. 320905  
COMPANY (NAIC #78972) )

**ORDER OF THE DIRECTOR**

NOW, on this 29<sup>th</sup> day of July, 2022, 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 Healthy Alliance Life Insurance Company (NAIC #78972) (hereinafter “HALIC”), relating to the market conduct investigation no. 320905, does hereby issue the following orders:

This order, issued pursuant to §374.046.15<sup>1</sup> and §374.280 is in the public interest.

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

**IT IS FURTHER ORDERED** that HALIC 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 HALIC shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$6,000.00, payable to

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<sup>1</sup> All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

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 29<sup>th</sup> day of July, 2022.



*Chlora Lindley-Myers*  
Chlora Lindley-Myers  
Director

**IN THE DEPARTMENT OF COMMERCE AND INSURANCE  
STATE OF MISSOURI**

*In Re:* )  
 )  
**HEALTHY ALLIANCE LIFE INSURANCE ) Market Conduct Investigation No. 320905**  
**COMPANY (NAIC #78972) )**

**STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the “Division”), and Healthy Alliance Life Insurance Company (NAIC #78972) (hereinafter “HALIC”), 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;

**WHEREAS**, the Department issued HALIC a certificate of authority to transact the business of insurance in the State of Missouri;

**WHEREAS**, the Division conducted a market conduct investigation of HALIC, investigation no. 320905; and

**WHEREAS**, based on the market conduct investigation of HALIC the Division alleges that:

1. HALIC misrepresented to insureds through explanations of benefits that charges for HCPCS A6549, L8000, and L8015 were not covered, contrary to the policy provisions<sup>1</sup> in violation of §§376.1209<sup>2</sup>, 375.1007(1) and 375.1005.

2. HALIC’s claim system improperly denied charges for HCPCS A6549, L8000, and L8015 as not covered without conducting a reasonable investigation in violation of §§376.1209, 375.1007(6) and 375.1005.

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<sup>1</sup> In a selective sample, HALIC denied six out of six claims due to a claims system programming error.

<sup>2</sup> All references, unless otherwise noted, are to Missouri Revised Statutes 2016.

3. HALIC imposed an unlawful, extra-contractual prosthetic quantity limit on mastectomy bras and breast prostheses for women who underwent a mastectomy<sup>3</sup> in violation of §§376.1209, 375.1005(2), 375.1007(1), 375.1007(4), 375.445.1(2) and 375.936(13).

4. HALIC improperly denied charges for CPT code 15877 without conducting a reasonable investigation<sup>4</sup> in violation of §§376.1209, 375.1007(6) and 375.1005(2).

5. HALIC improperly denied charges for CPT code C1789 for lack of precertification<sup>5</sup> in violation of §§376.1209, 375.1007(4) and 375.1005(2).

6. HALIC denied charges for breast prostheses when the health care service to insert the breast prostheses was preauthorized<sup>6</sup> in violation of §376.1361.13.

7. HALIC failed to inform an insured in an adverse determination notice of the clinical rationale used to make the determination<sup>7</sup> in violation of §376.1363(5).

8. HALIC failed to effectuate a prompt, fair and equitable settlement of the claim<sup>8</sup> in violation of §§376.1209 and implicating the provisions of §375.1007(4).

**WHEREAS**, based on the market conduct investigation, HALIC acknowledges that it erroneously denied certain charges and claims and made other inadvertent errors, but does not admit that it violated Missouri law; and expressly denies that any of the errors identified constitute an “improper claims practice” within the meaning of §375.1007.

**WHEREAS**, the Division and HALIC 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

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<sup>3</sup> In a selective sample, HALIC denied four out of four claims due to defects in its internal guidelines.

<sup>4</sup> In a selective sample, HALIC denied three out of three claims due to a claims system programming error.

<sup>5</sup> In a selective sample, HALIC denied six out of six claims in error.

<sup>6</sup> In a selective sample, HALIC denied six out of six claims in error.

<sup>7</sup> In a selective sample, this error was found in one claim out of one claim.

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.** HALIC agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri to reasonably ensure that the errors noted in the market conduct investigation and this Stipulation do not recur. Such remedial actions shall consist of the following:

1. HALIC has represented that it has performed and/or conducted various remedial measures throughout the investigation. HALIC agrees to provide a complete remediation report documenting all the remediation it has performed since January 1, 2019 including the reporting of any interest paid to insureds or claimants.

2. For all claims remediated during the investigation or as the result of this Stipulation, HALIC agrees to calculate interest pursuant to 374.191 from the date of the original denial or improper adjudication of the claim.

3. HALIC agrees to comply with the requirements of §376.1209 and the federal Women’s Health and Cancer Rights Act of 1998, 29 U.S.C.A. §1185b (hereinafter “WHCRA”).

4. HALIC agrees to conduct a review of all fully, insured comprehensive major medical claims which have a denied claim line for any of the following services: L8000, L8001, L8002, L8010, L8015, L8020, L8030, L8031, L8032, L8033, L8035, L8039, A6549, C1789, and 15877. The review shall extend to all Missouri claims with dates of service on or after January 1, 2016 until claims received as of the date of the entry of an Order approving this Stipulation to determine compliance with WHCRA and §376.1209. For any claim that was improperly denied, HALIC agrees to reprocess the claim with interest in an amount determined pursuant to §374.191. HALIC shall send an Explanation of Benefits (hereinafter “EOB”)<sup>9</sup> with the payments and will send a letter to the subscribers stating that

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<sup>8</sup> In a selective sample, this error was found in one claim out of one claim.

<sup>9</sup> The EOB does not need to include as a result of a “Missouri market conduct investigation” only the letter. This exception also applies to paragraph 9 below.

payment is being made because of a Missouri market conduct investigation. For ITS Home claims, HALIC agrees to send a letter to the subscribers stating that payment is being made because of a Missouri market conduct investigation.

5. HALIC agrees that all restitution payments paid as part of this investigation or restitution payments which are initiated as the result of this Stipulation, shall be paid as follows:

- a. For out-of-network claims that were improperly denied, claim payments and interest will be directly paid to its subscribers.
- b. For in-network claims that were improperly denied or processed without member liability, claim payments and interest will be paid to the provider.
- c. For in-network claims that were improperly denied or processed with member liability, claim payments and interest may be paid to the provider as long as HALIC obtains documentation from the provider either indicating that no payment was received by the provider from the subscriber for the denied service, or that the provider has issued a refund to the member if payment was received.
- d. For BlueCard ITS Home claims, claim payments and interest will be paid as manual checks to the subscribers.

6. HALIC agrees to remove any quantity limits for mastectomy bras and breast prostheses from its Benefit Administration Policy for insureds who have undergone a mastectomy who are insured under Missouri contracts. If quantity limits exist in any other internal policy or claim administration system such limit shall be removed regarding claims under Missouri.

7. HALIC represents that its current certificates of coverage do not set forth any quantity limits for mastectomy bras and breast prostheses.

8. HALIC agrees to comply with the requirements of §376.1363 by providing the clinical rationale used to make an adverse determination in the written notice of adverse determination.

9. If it has not already done so, HALIC agrees to reprocess all claims identified in Findings 1-6, and 8 including the payment of interest pursuant to §374.191. HALIC further agrees to provide the insured subscriber with an updated EOB and will send a letter stating that payment is

being made as a result of a Missouri market conduct investigation. For ITS Home claims, HALIC agrees to send a letter to the subscribers stating that payment is being made because of a Missouri market conduct investigation.

C. **Compliance.** HALIC agrees to file documentation with the Division pursuant to §374.190, in a format acceptable to the Division, within 120 days of the entry of a final Order approving this Stipulation, of any remedial action taken pursuant to Paragraph B to implement compliance with the terms of this Stipulation or to document the payment of restitution required by this Stipulation.

D. **Voluntary Forfeiture.** HALIC agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$6,000, such sum payable to the Missouri State School Fund, in accordance with §§374.049.11 and 374.280.2.

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

F. **Waivers.** HALIC, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights to 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. 320905.

G. **Amendments.** No amendments to this Stipulation shall be effective unless made in writing and agreed to by authorized representatives of the Division and HALIC.

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

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

J. **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.

K. **Effective Date.** This Stipulation shall not become effective until entry of an Order by the Director of the Department (hereinafter “Director”) approving this Stipulation.

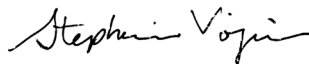
L. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and order the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: July 12, 2022



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Teresa Kroll  
Chief Market Conduct Examiner  
Division of Insurance Market Regulation

DATED: July 12, 2022



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Stephanie Vojcic  
President & GM  
Healthy Alliance Life Insurance Company