

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

In Re:)	
)	
COVENTRY HEALTH AND LIFE INSURANCE COMPANY (NAIC #81973))	
)	Investigation No. 235586
COVENTRY HEALTH CARE OF MISSOURI, INC. (NAIC # 96377))	
)	
COVENTRY HEALTH CARE OF KANSAS, INC. (NAIC # 95489))	

ORDER OF THE DIRECTOR

NOW, on this 30th day of July, 2018, Director Chlora Lindley-Meyers, after consideration and review of the Stipulation of Settlement and Voluntary Forfeiture and the Stipulation of Settlement (hereinafter collectively "Stipulations") entered into by the Division of Insurance Market Regulation (hereinafter "Division") and Coventry Health and Life Insurance Company (NAIC #81973), Coventry Health Care of Missouri, Inc. (NAIC #96377), and Coventry Health Care of Kansas, Inc. (NAIC #95489) (hereinafter referred to collectively as "Coventry"), relating to the market conduct investigation set out in the caption above, does hereby issue the following orders:

This order, issued pursuant to §374.046.15, and §374.280¹, is in the public interest.

IT IS THEREFORE ORDERED that Coventry and the Division, having agreed to the Stipulations, the Director does hereby approve and agree to the Stipulations.

IT IS FURTHER ORDERED that Coventry shall not engage in any of the practices outlined in the Stipulations and shall implement procedures to place each company in full compliance with the requirements in the Stipulations and to maintain those corrective actions at

¹ All references, unless otherwise noted, are to the Missouri Revised Statutes 2016, as amended.

all times, and shall fully comply with all terms of the Stipulations.

IT IS FURTHER ORDERED that Coventry shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of three million dollars (\$3,000,000.00), pursuant to §374.046 and §374.280.

IT IS FURTHER ORDERED that payment of two million dollars (\$2,000,000.00) of the above amount is suspended pursuant to the terms of the Stipulation of Settlement and Voluntary Forfeiture.

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 30th day of July, 2018.



Chlora Lindley-Myers
Chlora Lindley-Myers
Director

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**STIPULATION OF SETTLEMENT
AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter "the Division"), Coventry Health and Life Insurance Company (NAIC #81973) (hereinafter "Coventry Health and Life"), Coventry Health Care of Missouri, Inc. (NAIC #96377) (hereinafter "Coventry Health Care of Missouri"), and Coventry Health Care of Kansas, Inc. (NAIC #95489) (hereinafter "Coventry Health Care of Kansas") (hereinafter referred to collectively as "Coventry") as follows:

WHEREAS, the Division is a unit of the Missouri Department of Insurance, Financial Institutions and Professional Registration (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 in Missouri.

WHEREAS, Coventry has been granted certificates of authority to transact the business of insurance in the State of Missouri;

WHEREAS, Coventry has failed to provide "adequate" responses as defined in section 376.1375 to the Department regarding Consumer Complaints;

WHEREAS, Coventry Health and Life Insurance Company received 1032 Consumer Complaints between January 1, 2014 and December 31, 2016;

WHEREAS, Coventry Health Care of Missouri, Inc. received 21 complaints between

January 1, 2014 and December 31, 2016;

WHEREAS, Coventry Health Care of Kansas, Inc. received 9 complaints between January 1, 2014 and December 31, 2016;

WHEREAS, an Investigation conducted by the Division also revealed that Coventry Health and Life improperly cancelled or terminated the coverage of numerous Missouri consumers for premium payment issues;

WHEREAS, the Investigation also revealed that Coventry Health and Life improperly permitted the imposition of gatekeeper requirements on non-HMO plans;

WHEREAS, the Investigation also revealed that Coventry Health and Life issued some Schedule of Benefits forms approved for use in the individual market to plan sponsors in the group market;

WHEREAS, the Investigation also revealed that in some instances between January 1, 2014 and December 31, 2016, Coventry Health and Life Insurance Company misrepresented that the Department has rate review authority over individually underwritten health insurance rates, which was not the case between January 1, 2014 and December 31, 2016;

WHEREAS, the Division and Coventry have agreed to resolve the pending issues upon the following terms:

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 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. Voluntary Forfeiture. Coventry Health and Life agrees, voluntarily and knowingly, to surrender and forfeit the sum of two million nine hundred thousand dollars (\$2,900,000), in accordance with §§374.046 and 374.280 RSMo (2016)¹. Coventry Health Care of Missouri agrees, voluntarily and knowingly, to surrender and forfeit the sum of fifty thousand dollars (\$50,000), in accordance with §374.046 and 374.280. Coventry Health Care of Kansas agrees, voluntarily and knowingly, to surrender and forfeit the sum of fifty thousand dollars

¹ All references are to RSMo, 2016, unless otherwise noted.

(\$50,000), in accordance with §§374.046 and 374.280. Coventry and the Division further agree as follows:

- 1) Payment of nine hundred thousand dollars (\$900,000) is due at the time Coventry Health and Life enters into the Stipulation;
- 2) Payment of fifty thousand dollars (\$50,000) is due at the time Coventry Health Care of Missouri enters into the Stipulation;
- 3) Payment of fifty thousand dollars (\$50,000) is due at the time Coventry Health Care of Kansas enters into the Stipulation.
- 4) Payment of two million dollars (\$2,000,000) is suspended subject to Coventry Health and Life substantially complying with the terms of the Stipulation, and the Corrective Action Plan entered into between Coventry and the Division (hereinafter "Corrective Action Plan").
- 5) The determination of whether Coventry Health and Life has substantially complied with the terms of the Stipulation and Corrective Action Plan shall be in the sole discretion of the Director;
- 6) In the event the Director determines that Coventry Health and Life has not substantially complied with the terms of the Stipulation and/or Corrective Action Plan during a three year monitoring period that shall begin on the date this Stipulation is executed by Coventry, the Director may impose any portion of the suspended forfeiture and order Coventry Health and Life to pay all or part of the suspended forfeiture amount, not to exceed two million dollars (\$2,000,000) in accordance with §§374.046 and 374.280.

C. Remedial Action. Coventry agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain such remedial actions at all times. All such remedial actions are contained in a Corrective Action Plan agreed to by the parties.

D. Monitoring Phase. Coventry and the Division agree that Coventry's compliance with the terms of the Stipulation and Corrective Action Plan shall be subject to a three year monitoring period. The three year monitoring period shall begin on the date this Stipulation is executed by Coventry. The details of monitoring phase are

included in the Corrective Action Plan.

- E. Ongoing Examination.** Coventry consents, as a part of the monitoring phase, to an ongoing examination to begin on the date this Stipulation is executed by Coventry and to pay any reasonable fees related to the ongoing examination for the duration of the monitoring phase. The Corrective Action Plan is part of the ongoing examination and shall be a confidential work paper subject to the provisions of §374.205.4.
- F. Compliance.** With respect to the Director's determination of whether Coventry has substantially complied with the terms of this Stipulation and/or this Corrective Action Plan pursuant to paragraph B.6, no determination shall be made until notice and an opportunity for hearing before the Director is provided to the particular Coventry company alleged to be in violation. The notice shall be in the form of a Statement of Charges filed by the Division with the Director setting forth the facts and supporting a finding of non-compliance with the terms of the Stipulation and/or Corrective Action Plan. The Director shall schedule a hearing on the statement of charges no earlier than 30 days after the date the Statement of Charges is served by the Division on the particular Coventry company. Both the Division and Coventry may present evidence at the hearing.
- G. Waivers.** Coventry, 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, except as set forth in paragraph F, and for review or appeal by any trial court or appellate court, which may have otherwise applied to Investigation No. 235586, including, waiving any right of review or appeal by any trial or appellate court of any determination made by the Director pursuant to paragraph B of this Stipulation.
- H. Other Penalties.** For violations specifically set forth in the "Whereas" clauses of this document that occurred prior to the date of the Order or during the three year monitoring period, the Division agrees that it will not seek any additional forfeiture or penalties against Coventry. The Division is not precluded from seeking forfeitures or penalties against Coventry for violations not addressed in the "Whereas" clauses, or that are addressed in the "Whereas" clauses and occur after

the three year monitoring period in this matter.

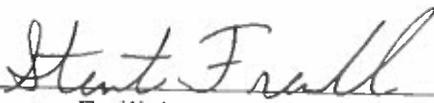
- I. Changes.** No changes to this Stipulation shall be effective unless made in writing and agreed to by all signatories to the Stipulation.
- J. Governing Law.** The Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.
- K. Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign the Stipulation.
- L. Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute a single document.
- M. Effect of Stipulation.** The Stipulation shall not become effective until entry of a Final Order of the Director approving the Stipulation.
- N. Request for an Order.** The signatories below request that the Director issue an Order approving the Stipulation and ordering the relief agreed to in the Stipulation and Corrective Action Plan, and consent to the issuance of such Order.

DATED: 7/27/2018



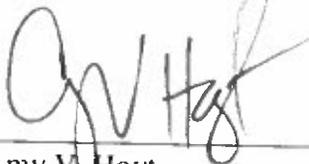
Angela Nelson
Director, Division of Insurance
Market Regulation

DATED: 7/27/18



Stewart Freilich
Senior Regulatory Affairs Counsel
Division of Insurance Market Regulation

DATED: 7/27/18



Amy V. Hoyt
Health Insurance Counsel
Missouri Department of Insurance,
Financial Institutions and Professional
Registration

DATED: _____

Amy V. Hoyt
Health Insurance Counsel
Missouri Department of Insurance,
Financial Institutions and Professional
Registration

DATED: _____



Frank D'Antonio
President
Coventry Health Care of Missouri, Inc.
Coventry Health and Life Insurance Company
Coventry Health Care of Kansas, Inc.

DATED: _____



Michael Portnoy
Legal Counsel for Coventry Health and Life
Insurance Company, Coventry Health Care
of Missouri, Inc. and Coventry Health
Care of Kansas, Inc.

**IN THE DEPARTMENT OF INSURANCE, FINANCIAL
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STIPULATION OF SETTLEMENT

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter "the Division"), Coventry Health and Life Insurance Company (NAIC #81973) (hereinafter "Coventry Health and Life"), Coventry Health Care of Missouri, Inc. (NAIC #96377) (hereinafter "Coventry Health Care of Missouri"), and Coventry Health Care of Kansas, Inc. (NAIC #95489) (hereinafter "Coventry Health Care of Kansas") (hereinafter referred to collectively as "Coventry") as follows:

WHEREAS, the Division is a unit of the Missouri Department of Insurance, Financial Institutions and Professional Registration (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 in Missouri.

WHEREAS, Coventry has been granted certificates of authority to transact the business of insurance in the State of Missouri;

WHEREAS, an Investigation conducted by the Division revealed that Coventry Health and Life failed to provide 90 days written notice before discontinuing health benefit plans as required by Missouri law;

WHEREAS, an Investigation conducted by the Division also revealed that Coventry Health and Life and Coventry Health Care of Missouri issued group health benefit plans that

appeared to exclude mental health services unless covered by a rider. The policy forms reviewed indicated coverage for mental health services was included only through a rider; however, the forms did not make it clear that the inclusion of a mental health rider was mandatory.

WHEREAS, an Investigation conducted by the Division also revealed that Coventry Health and Life and Coventry Health Care of Missouri issued some group health benefit plans where cost-sharing amounts for mental health services were not equivalent to cost-sharing amounts for other non-mental health services covered under the plan; and

WHEREAS, the Division and Coventry have agreed to resolve the pending issues upon the following terms:

A. Scope of Agreement. This Stipulation of Settlement (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 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. Coventry agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain such remedial actions at all times. Such remedial actions shall include, but not be limited to, the following:

1. Coventry Health and Life shall review its policies, certificates, schedules, amendments, or riders to ensure that all cost-sharing amounts imposed for mental health services are on par with cost-sharing amounts imposed for other medical services in accordance with §376.1550 .
 - a. In the event that errors are identified, Coventry Health and Life shall re-adjudicate and pay any claims for mental health services that had improper cost-sharing amounts imposed. Restitution made to consumers shall include interest to be paid pursuant to §374.191.
2. Coventry Health and Life shall certify that all current coverage issued in Missouri includes mental health coverage as required by §376.1550.
3. Coventry Health and Life shall certify that it complies with §376.454 when discontinuing a plan, and shall provide 90 days written notice before discontinuing any plan.

4. Coventry Health and Life shall ensure that any and all communications to consumers regarding the discontinuation of plans include the date the communication is sent or distributed.

C. Compliance. Coventry agrees to file documentation with the Division within 180 days of the entry of a final order of all remedial action taken to implement compliance with the terms of this Stipulation. Such documentation is provided pursuant to §374.190.

D. Waivers. Coventry, 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, and for review or appeal by any trial court of appellate court, which may have otherwise applied to Investigation No. 235586.

E. Changes. No changes to this Stipulation shall be effective unless made in writing and agreed to by representatives of the Division and Coventry.

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

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

H. Counterparts. This Stipulation may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute a single document.

I. Effect of Stipulation. This Stipulation shall become effective only upon entry of a Final Order by the Director of the Department (hereinafter the "Director") approving this Stipulation.

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

DATED: 7/27/2018



Angela Nelson
Director, Division of Insurance
Market Regulation

DATED: 7/27/18

Stewart Freilich
Stewart Freilich
Senior Regulatory Affairs Counsel
Division of Insurance Market Regulation

DATED: 7/27/18

Amy Hoyt
Amy Hoyt
Health Insurance Counsel
Missouri Department of Insurance,
Financial Institutions and Professional
Registration

DATED: _____

Frank D'Antonio
President
Coventry Health Care of Missouri, Inc.
Coventry Life and Health Insurance Company
Coventry Health Care of Kansas, Inc.

DATED: _____

Michael Portnoy
Legal Counsel for Coventry Health and Life
Insurance Company, Coventry Health Care
of Missouri, Inc. and Coventry Health
Care of Kansas, Inc.

DATED: _____

Stewart Freilich
Senior Regulatory Affairs Counsel
Division of Insurance Market Regulation

DATED: _____

Amy V. Hoyt
Health Insurance Counsel
Missouri Department of Insurance,
Financial Institutions and Professional
Registration

DATED: _____



Frank D'Antonio
President
Coventry Health Care of Missouri, Inc.
Coventry Life and Health Insurance Company
Coventry Health Care of Kansas, Inc.

DATED: _____



Michael Portnoy
Legal Counsel for Coventry Health and Life
Insurance Company, Coventry Health Care
of Missouri, Inc. and Coventry Health
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