

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

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

TO: Office of the President
Mercy Health Plan of Missouri, Inc. d/b/a Premier Health Plans
14528 South Outer Forty Rd., Suite. 300
Chesterfield, MO 63017-5705

RE: Missouri Market Conduct Examination 0612-63-TGT
Mercy Health Plan of Missouri, Inc. d/b/a Premier Health Plans (NAIC #95309)

**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 Mercy Health Plan of Missouri, Inc. d/b/a Premier Health Plans, (hereafter referred to as "MHP"), 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, MHP 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 MHP and prepared report number 0612-63-TGT; and

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

1. In some instances, MHP 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. MHP failed to properly process and pay a claim received in 2004, in violation of §375.1007(4), (6), and (7), RSMo.

3. In some instances, MHP improperly denied claims, including those for mandated benefits, and failed to pay the proper amount of interest on or before the 45th day from the date of receipt of the claims, in violation of §§375.1007(1), (3), (4), and (6), 376.383, 376.1250.1(1), (2) and (3), and 1376.1350(12), RSMo.

4. In some instances, MHP 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).

5. In some instances, MHP did not follow its own procedures in resolving COB discrepancies in their systems, thus violating §§375.1007(4) and (6) and 376.383.5, RSMo, and 20 CSR 400-2.030(2)(F)3.F.

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

2. MHP agrees to review all of its denied PSA, 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, per §376.384, RSMo, for any payments that were made more than 45 days after 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

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

WHEREAS, MHP 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

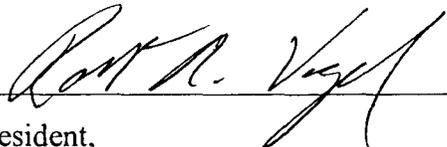
WHEREAS, MHP, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, which may have otherwise applied to the above referenced Market Conduct Examination; and

WHEREAS, MHP hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #0612-63-TGT further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$50,712.90.

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 MHP to transact the business of insurance in the State of Missouri or the imposition of other sanctions, MHP 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 \$50,712.90, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED:

July 23 2008



President,
Mercy Health Plan of Missouri, Inc.
d/b/a Premier Health Plans