

MAY 18 2016

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

DEPT OF INSURANCE  
BY MS

In the Matter of:

**EDUCATORS HEALTH PLANS LIFE,  
ACCIDENT & HEALTH, INC.  
dba EMI Health  
(NAIC No. 12515)**

**No. 16A-015-INS**

**CONSENT ORDER**

**Respondent.**

The State of Arizona Department of Insurance ("Department") received evidence that **Educators Health Plans Life, Accident & Health, Inc. dba EMI Health** violated provisions of Title 20, Arizona Revised Statutes ("A.R.S."); Title 20, Chapter 6, Arizona Administrative Code ("A.A.C."); applicable provisions of the Patient Protection and Affordable Care Act (P.L. 111-148) as amended by the Health Care and Education Reconciliation Act (P.L. 111-152) ("Affordable Care Act"); and Department of Health and Human Services ("H.H.S.") regulations related to the Affordable Care Act ("45 C.F.R."). Respondent wishes to resolve this matter without formal proceedings. Respondent admits the following Findings of Fact are true, and consents to entry of the following Conclusions of Law and Order.

**FINDINGS OF FACT**

1. Educators Health Plan Life, Accident & Health, Inc. dba EMI Health ("EMI") is a Utah corporation that holds, and at all times material held, a Certificate of Authority in Arizona as a disability insurer. EMI is required to file forms and rates with the Department and receive the Department's approval before using the approved forms and associated rates.

2. Since January 1, 2014, EMI has offered Stand Alone Dental Plans ("SADPs") in Utah's individual Marketplace, which is the federally-facilitated marketplace via [www.healthcare.gov](http://www.healthcare.gov) ("Exchange"); and in Utah's small business Marketplace, which is a state-based marketplace available at [www.avenueH.com](http://www.avenueH.com). In order to offer individual/family SADPs on the federally-facilitated marketplace, all SADP issuers must submit an application for certification to the Center for Consumer Information and Insurance Oversight ("CCIIO"), a

1 division of the Centers for Medicare & Medicaid Services (“CMS”). As part of its application to  
2 CMS, EMI submitted its Plan & Benefit Templates (“PBT”) which provided details about EMI’s  
3 SADPs for the federally-facilitated marketplace in Utah and Arizona. However, submission of  
4 the PBT to CMS is not a substitution for filing policy forms and rates for review and approval  
5 with the Department. EMI filed its policy forms with the Utah Department of Insurance as  
6 required.

7 3. On May 16, 2014, the Department informed EMI that it must file with the  
8 Department via the System for Electronic Rate & Form Filing (“SERFF”) all Individual SADP  
9 forms and rates. EMI did not file with the Department or market SADPs in Arizona for Plan  
10 Years 2014 and 2015.

11 4. EMI did not file in SERFF or receive the Department’s approval for EMI’s Plan  
12 Year 2016 SADP policy forms, and did not file the rates related to those forms.

13 5. EMI submitted the following SADPs in the federal Health Insurance Oversight  
14 System:

- 15 a. Standard Component ID 53613AZ0010001 (PPO High);
- 16 b. Standard Component ID 53613AZ0020001 (PPO Low); and
- 17 c. Standard Component ID 53613AZ0030001 (Advantage Co-Pay).

18 6. Beginning on or about November 1, 2015, EMI participated in the federal health  
19 insurance open enrollment period on the Exchange. On the Exchange, EMI marketed and  
20 issued—to at least 2,724 policyholders—the unapproved Individual SADPs, which had  
21 coverage effective dates on or after January 1, 2016.

22 7. On or about January 14, 2016, it came to light that EMI had marketed and sold  
23 unfiled Individual SADP policy forms and corresponding rates. The Department informed EMI  
that it must file the forms in SERFF for the Department’s review and approval, and must also  
file the rates related to those forms. EMI promptly filed the forms and rates.

#### **CONCLUSIONS OF LAW**

1. The Interim Director has jurisdiction over this matter. The Interim  
Director shall ensure that this state retains its full authority to regulate policies, certificates,  
evidences of coverage and contracts of insurance that are issued or delivered by health

1 insurers taking into consideration the enactment of the Affordable Care Act or any rules  
2 adopted pursuant to the acts collectively known as the Affordable Care Act. A.R.S. § 20-  
3 238(A).

4 2. A health insurer subject to the Affordable Care Act shall not issue a contract,  
5 policy, certificate or evidence of coverage or otherwise transact insurance if the coverage and  
6 benefits provided in the contract, policy, certificate or evidence of coverage are inconsistent  
7 with the applicable provisions of the Affordable Care Act. A.R.S. § 20-238(B).

8 3. Any insurance policy, rider or endorsement otherwise valid which contains any  
9 condition or provision not in compliance with the requirements of Title 20 shall not be rendered  
10 invalid but shall be construed and applied in accordance with such conditions and provisions  
11 as would have applied had such policy, rider or endorsement been in full compliance with  
12 Title 20. A.R.S. § 20-1118.

13 4. Respondent's conduct, as alleged above, constitutes delivering or issuing for  
14 delivery at least 2,724 Individual disability policy forms without first filing and receiving  
15 Department approval for those forms within the meaning of A.R.S. §§ 20-1110(A), (C).

16 5. Respondent's conduct, as alleged above, constitutes delivering or issuing for  
17 delivery at least 2,724 Individual disability policy forms without first filing with the Department  
18 the rates that correspond to those forms within the meaning of A.A.C. R20-6-607(B).

19 6. Respondent's conduct, as alleged above, constitutes failing to meet the Qualified  
20 Health Plan ("QHP") certification requirements because EMI did not file disability policy forms  
21 for review and approval by the Department before delivering or issuing for delivery those forms  
22 within the meaning of 45 C.F.R. §§ 155.1065(a)(3), 155.1020(c)(2)-(3), 156.150, and A.R.S.  
23 §§ 20-1110(A) and 20-238(B).

7. Respondent's conduct, as alleged above, constitutes failing to meet the QHP  
certification requirements because EMI did not file with the Department the rates that  
correspond to disability policy forms before delivering or issuing for delivery those forms within  
the meaning of A.A.C. R20-6-607(B), A.R.S. § 20-238, and 45 CFR §§ 155.1065(a) and  
155.1020(c)(1).





1 waives its right to such notice and hearing and to any court appeals relating to this Consent  
2 Order.

3 4. Respondent states that no promise of any kind or nature whatsoever, except as  
4 expressly contained in this Consent Order, was made to it to induce it to enter into this  
5 Consent Order and that it has entered into this Consent Order voluntarily.

6 5. Respondent acknowledges that the acceptance of this Consent Order by the  
7 Director is solely to settle this matter against it and does not preclude any other agency,  
8 officer, or subdivision of this state including the Department from instituting civil or criminal  
9 proceedings as may be appropriate now or in the future not related to this matter.

10 6. Respondent acknowledges that this Consent Order does not preclude CMS/  
11 CCIO from taking any further action related to the material facts in this Order, if CMS/CCIO  
12 deems such action necessary or appropriate.

13 7. Respondent acknowledges that this Consent Order is an administrative action  
14 that the Department will report to the National Association of Insurance Commissioners  
15 ("NAIC"). Respondent further acknowledges that it must report this administrative action to  
16 any and all states in which it holds a Certificate of Authority and must disclose this  
17 administrative action on any application.

18 8. Steven Morrison represents that he is the CEO/President of Educators Health  
19 Plans Life, Accident & Health, Inc. dba EMI Health and, as such, is authorized to enter this  
20 Consent Order on its behalf.

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Educators Health Plans Life, Accident & Health, Inc.  
dba EMI Health

5/5/16  
Date

  
by Steven Morrison, CEO/President

1 COPY of the foregoing mailed this

2 18<sup>th</sup> day of May, 2016, to:

3  
4 Educators Health Plans Life, Accident & Health, Inc.  
5 852 East Arrowhead Lane  
6 Murray, UT, USA 84107  
7 Respondent

8 Educators Health Plans Life, Accident & Health, Inc.  
9 c/o Steven Morrison  
10 852 East Arrowhead Lane  
11 Murray, UT 84107  
12 Statutory Agent for Respondent

13 Mary E. Kosinski, Exec. Assistant for Reg. Affairs  
14 Erin Klug, Rate & Form Division Assistant Director  
15 Department of Insurance  
16 2910 North 44<sup>th</sup> Street, Suite 210  
17 Phoenix, Arizona 85018

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Maidene Scheiner  
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