

**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF ARKANSAS**

**IN THE MATTER OF ALLOCATING CONTRIBUTION
PAYMENTS FROM MERCY HEALTH PLANS TO THE
ARKANSAS COMPREHENSIVE HEALTH INSURANCE
POOL**

AID # 2011- 013

ORDER REQUIRING ALLOCATION OF PAYMENTS

Now, on this day, the matter of the allocation of contribution payments from Mercy Health Plans (“MHP”) to the Arkansas Comprehensive Health Insurance Pool (“CHIP”) comes before Jay Bradford, Insurance Commissioner of the State of Arkansas (“Commissioner”), with the Arkansas Insurance Department (“Department”) being represented by Booth Rand, Managing Attorney. The Commissioner finds as follows:

FINDINGS

1. MHP and Sisters of Mercy Health System (“SMHS”) entered into a Consent Agreement and Order with the Department on September 9, 2010, in AID Order # 2010-077 in “In Re Premier Health Care Plans d/b/a Mercy Health Plans.” Pursuant to the Consent Agreement in AID Order # 2010-077, MHP and SMHS agreed to contribute to CHIP the sum of \$3,500.00 for each MercyOne policyholder who qualified for admission to CHIP pursuant to the requirements set out in AID # 2010-077.

2. On February 2, 2011, the Department and MHP entered into a Consent Agreement and Order in AID # 2011-008 in “In Re Premier Health Care Plans d/b/a Mercy Health Plans,” in which MHP agreed to pay to CHIP the sum of \$4,500.00 for each CHIP-

qualified MercyOne policyholder who was a “pregnant policyholder” as defined or set out in AID Order # 2011-008.

3. The Commissioner reviews the forms and premium rates of CHIP policies as well as coordinates with CHIP regarding its plan of operations pursuant to Ark. Code Ann. § 23-79-505. The Commissioner has the power and authority to issue this Order pursuant to Ark. Code Ann. § 23-61-103(b), 23-79-505(a)(1), 23-79-506(a)(1)(C)(v), 23-79-507(2)(A), and other pertinent provisions of the Arkansas Insurance Code and the CHIP Act.

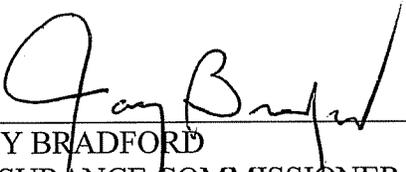
4. The Commissioner finds that the withdrawal by MHP and consequential insurance coverage terminations of the MercyOne block of business may substantially harm many insurance consumers who may be unable to qualify for health insurance in the standard market after March 15, 2011. The Commissioner finds that the contributions of \$3,500.00 for CHIP policyholders and \$4,500.00 for CHIP pregnant policyholders to be paid to CHIP pursuant to AID Order # 2010-077 and AID Order # 2011-008 are the direct result of the withdrawal of MercyOne from the Arkansas market and the consequent cancellation of the MercyOne block of business. The Commissioner, therefore, finds it fair, reasonable and equitable that the contributions to be made by MHP to CHIP pursuant to the above orders shall be allocated by CHIP and applied and used solely to offset a portion of the applicable premiums charged by CHIP and billed to the former MercyOne policyholders on a monthly, quarterly, or annual basis. Any amount so allocated, but not used by CHIP, may be applied and used by CHIP for administrative or other operational purposes as determined by CHIP’s Board of Directors.

5. Because the withdrawal date or termination date for coverage for MHP will occur on March 15, 2011, the Commissioner finds that the public health, safety and welfare necessitate the issuance of this Emergency Order.

6. CHIP is entitled to an administrative hearing upon request and, if requested, a hearing will be promptly scheduled.

WHEREFORE, based upon the above and foregoing Findings of fact and applicable law, the Commissioner hereby Orders the contribution amounts set out in AID Order # 2010-077 and AID Order # 2011-008 and described above, shall be allocated and used solely by CHIP to offset a portion of the applicable monthly, quarterly or annual premiums charged by CHIP and billed to the former MercyOne policyholders. Any amount so allocated but not used by CHIP may be applied and used by CHIP for administrative or other operational purposes as determined by CHIP's Board of Directors.

IT IS SO ORDERED this 28th day of February, 2011.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS