

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES

Before the Commissioner of Financial and Insurance Services

In the matter of:

Office of Financial and Insurance Services,

Enforcement Case No. 06-4865

Petitioner,

v

Priority Health,

Respondent.

CONSENT ORDER AND STIPULATION

Issued and entered,
on 2nd March, 2007,
by Frances K. Wallace
Chief Deputy Commissioner

I.

FINDINGS OF FACT AND CONCLUSIONS OF LAW


1. Priority Health (Respondent) is a licensed health maintenance organization pursuant to the Michigan Insurance Code, MCL 500.3501 *et seq.*
2. As a licensed health maintenance organization, Respondent knew or had reason to know that Section 3523 of the Michigan Insurance Code, MCL 500.3523, provides in pertinent part that:
 - (1) A health maintenance contract shall be filed with and approved by the commissioner.
 - (2) A health maintenance contract shall include any approved riders, amendments, and the enrollment application.

3. The Office of Financial and Insurance Services has previously advised the Respondent that all rider language and rates must be filed simultaneously in order to have its health maintenance contract approved.
4. Respondent filed a rate within its 2006 rate filing without the rider.
5. Respondent filed the rider language approximately 9 months after the rate filing.
6. Respondent has acknowledged selling the above-referenced rider without first obtaining approval from the commissioner.
7. By failing to obtain approval for the language in the aforementioned rider, prior to selling the rider, Respondent violated Section 3523 of the Michigan Insurance Code, MCL 500.3523.

II. ORDER

Based upon the Findings of Fact and Conclusions of Law above and Respondent's stipulation, the Commissioner ORDERS that:

1. Respondent shall cease and desist from operating in a manner that violates, including but not limited to, Section 3523 of the Michigan Insurance Code, MCL 500.3523.
2. Respondent shall pay to the state of Michigan, through the Office of Financial and Insurance Services, a fine in the amount of \$500.00. Upon execution of this Order, the Office of Financial and Insurance Services will send Respondent an Invoice for the civil fine, which will be due within 30 days of issuance of the Invoice.



Frances K. Wallace
Chief Deputy Commissioner

III. STIPULATION

I have read and understand the Consent Order above. I agree that the Chief Deputy Commissioner has jurisdiction and authority to issue this Consent Order pursuant to the Michigan Insurance Code. I waive the right to a hearing in this matter if this Consent Order is issued. I understand that the Consent Order and Stipulation will be presented to the Chief Deputy Commissioner for approval and the Chief Deputy Commissioner may

or may not issue this Consent Order. I waive any objection to the Commissioner deciding this case following a hearing in the event the Consent Order is not approved. I admit to the Findings of Fact and Conclusions of Law set forth in the above Consent Order and agree to the entry of the Consent Order.

Priority Health

Dated: February 20, 2007

Judith W. Hodyenga
By: Judith W. Hodyenga
Its: General Counsel + Secretary

The Office of Financial and Insurance Services staff approves this stipulation and recommends that the Chief Deputy Commissioner issue the above Consent Order.

Dated: 2/27/2007

Marlon F. Roberts
Marlon F. Roberts
Staff Attorney