

BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OKLAHOMA

FILED

MAR 01 2017

INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel.)
JOHN D. DOAK, Insurance Commissioner,)
)
Petitioner,)
)
vs.)
)
HEALTH PLAN TRUST FOR MEMBERS)
OF THE OKLAHOMA LUMBERMEN'S)
ASSOCIATION, a multiple employer)
welfare arrangement (MEWA),)
)
Defendant.)

Case No. 17-0001-SOL

AGREED ORDER OF SUPERVISION

THE STATE OF OKLAHOMA, ex rel. John D. Doak, Insurance Commissioner, and Respondent Health Plan Trust for Members of the Oklahoma Lumbermen's Association ("Lumbermen's"), an Oklahoma licensed multiple employer welfare arrangement ("MEWA"), jointly agree to the issuance of this **AGREED ORDER OF SUPERVISION**.

JURISDICTION

1. John D. Doak is the duly elected Insurance Commissioner of the State of Oklahoma, and as such is charged with administering and enforcing the Oklahoma Insurance Code, Title 36 O.S. §§ 101 et seq.

2. A Health Plan Trust for Members of the Oklahoma Lumbermen's Association ("Lumbermen's") is licensed as a self-insured multiple employer welfare arrangement ("MEWA") under the laws of the State of Oklahoma holding certificate of authority number 861273. Lumbermen's is authorized to provide health coverage to its members in the State of Oklahoma. Its administrative office is located in Oklahoma City, Oklahoma.

3. The Insurance Commissioner has jurisdiction over this matter pursuant to the Oklahoma Constitution Article 6 § 22; and the Oklahoma Insurance Code, 36 O.S. § 101 et seq., specifically pursuant to Article 6A Multiple Employers Welfare Arrangements, 36 O.S. §§ 633 et seq. and Article 18 Supervisors and Conservators of Insurances, 36 O.S. §§ 1801 et seq.

FINDINGS OF FACT

1. Lumbermen's notified the Department on November 14, 2016 that it was terminating its MEWA plan effective December 31, 2016 and that it had advised its member employers to obtain health insurance coverage for the members' employees effective January 1, 2017.

2. During the month of December, 2016, medical claims rendered the MEWA insolvent and unable to pay the outstanding claims.

3. Pursuant to 36 O.S. § 636(A)(1)(f), Lumbermen's has deposited with the Commissioner the sum of Two Hundred Thousand Dollars (\$200,000.00) in cash or certificates of deposit.

4. Pursuant to 36 O.S. § 1702(1), such deposit is held for the protection of all the MEWA's beneficiaries and/or creditors within the United States.

5. During the months of December 2016 and January 2017, representatives of Lumbermen's repeatedly requested the release of its \$200,000.00 deposit in order to pay outstanding claims.

5. The Department denied Lumbermen's request and advised the representatives to obtain funding elsewhere because under 36 O.S. § 1707, the deposit could not be released without either extinguishment of all liabilities (claims) or by order of a court of competent jurisdiction. To date, Lumbermen's has been unable to obtain alternative funding to meet these liabilities.

6. On February 23, 2017, Lumbermen's reported that approximately \$247,000.00 of reported medical claims remained outstanding and unpaid and approximately \$20,000.00 of administrative and legal expenses due. The assets of Lumbermen's MEWA's, as of even date, consist of approximately \$12,000.00 cash in its bank account and the \$200,000 on deposit with the Commissioner.

7. Lumbermen's ceased offering its health plans as of December 31, 2016, and therefore, is no longer receiving any employer contributions.

6. Presently, Lumbermen's cannot pay the reported medical claims without access to the funds pledged to the Department under 36 O.S. §635(f).

7. Lumbermen's is insolvent as defined in 36 O.S. § 1802(3)(a), because it is unable to pay its obligations when due without release of the pledged funds of \$200,000. The financial condition of Lumbermen's would make the further transaction of business financially hazardous to its beneficiaries and creditors.

8. No Oklahoma guaranty association exists to protect claimants from the insolvency of a licensed, self-insured MEWA. If Lumberman's medical claims are not paid, the claimants will be responsible for all covered but unpaid medical bills.

9. The Commissioner is authorized, pursuant to 36 O.S. § 1803, to place the MEWA under supervision and require that the MEWA conduct its business as ordered.

10. The Commissioner shall supervise the release of the \$200,000. No monies on deposit shall be withdrawn until all outstanding claims have been reported to the Commissioner, as provided herein. The cut-off date for the reporting of all claims will be March 31, 2017. The MEWA will attempt to negotiate the amount due with providers who agree to accept such payment in full with no balance billing to the participant. In the event that, on the cut-off date, the covered

claims exceed the plan assets, including the \$200,000 deposit, such claims will be paid at the agreed upon amount, and the remainder pro rata. Claims reported subsequent to the “cutoff date”, shall remain the obligation of Lumberman’s MEWA.

11. This supervision may continue until the Commissioner determines that all outstanding claim liabilities have been paid in whole or in part as provided in paragraph 10 above.

CONCLUSIONS OF LAW

1. The Commissioner and Lumbermen’s jointly agree to the issuance of this Agreed Order of Supervision pursuant to 36 O.S. § 1803(A).

2. Lumbermen’s shall comply with the lawful requirements of the Commissioner and shall have ninety (90) days from the date of notice within which to comply unless the Commissioner designates a lesser or greater period of time.

ORDER

IT IS THEREFORE ORDERED by the Insurance Commissioner, and with the express consent of Lumbermen’s, that the MEWA is hereby placed under supervision pursuant to the Supervision and Conservatorship of Insurers Act, 36 O.S. § 1801, et seq.

IT IS FURTHER ORDERED pursuant to 36 O.S. § 1804, that John Doak be appointed as Supervisor of the MEWA, with all powers of supervision specified in the Oklahoma Insurance Code.

IT IS FURTHER ORDERED by the Commissioner, that Lumbermen’s shall make available all of its books and records to the Commissioner.

IT IS FURTHER ORDERED by the Commissioner, that Lumbermen's shall not perform any of the following acts without the express written consent from the Commissioner as Supervisor:

- a. Paying submitted medical claims or any other liabilities;
- b. Disposing, conveying, or encumbering any of its assets;
- a. Withdrawing any funds from any bank accounts;
- b. Lending any funds;
- c. Investing any funds;
- d. Transferring any property;
- e. Incurring any debt, obligation, or liability;
- f. Merging or consolidating with any other entity

IT IS FURTHER ORDERED that the Commissioner shall approve the release of the \$200,000 deposit only: (1) after the "claims cut-off date" has occurred; and (2) all such liabilities are processed for payment. No portion of the deposit shall be used for any purpose other than payment of MEWA plan claims. The procedure for the use of the \$200,000 deposit for payment of claims shall be approved and consented to by the Commissioner.

IT IS FURTHER ORDERED that upon payment of all claims as herein provided, Lumbermen's MEWA shall surrender its Certificate of Authority to the Department.

IT IS FURTHER ORDERED by the Commissioner that the Supervision provided for herein is established immediately.

WITNESS my Hand and Official Seal this ^{24th}_{28th} day of February, 2017.



JOHN D. DOAK
INSURANCE COMMISSIONER
STATE OF OKLAHOMA



JAMES MILLS
CHIEF OF STAFF

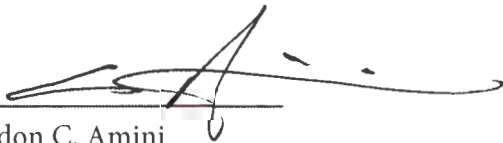
Consent to Entry of Agreed Order of Supervision

William Lee - Chairman

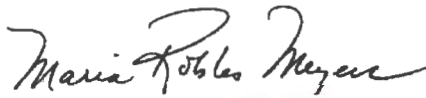
William Lee, Chairman

Health Plan Trust for Members of the Oklahoma
Lumbermen's Association

APPROVED AS TO FORM:



Gordon C. Amini
ATTORNEY FOR PETITIONER
OKLAHOMA INSURANCE COMMISSIONER



Maria Robles Meyers
ATTORNEY FOR RESPONDENT
HEALTH PLAN TRUST FOR MEMBERS OF THE OKLAHOMA
LUMBERMEN'S ASSOCIATION

CERTIFICATE OF MAILING

I, Julie Meaders, hereby certify that a true and correct copy of the above and foregoing *Agreed Order of Supervision* was mailed electronically and mailed postage prepaid with return receipt requested on this 1st day of March 2017, to:

Oklahoma Lumbermen's Association
5421 SW 27th Street
P.O. Box 9500037
Oklahoma City, OK 73195-0037

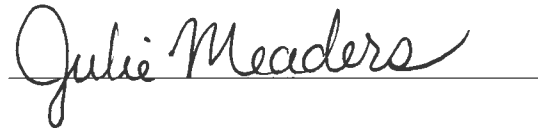
Certified Mail No.
7016 0910 0000 8401 6421

Maria Robles Meyers
M.R. Meyers & Associates, P.C.
P.O. Box 7497
Edmond, OK 73083

Certified Mail No.
7016 0910 0000 8401 6438

and that a copy was delivered to:

Financial and Examination Division

A handwritten signature in cursive script that reads "Julie Meaders". The signature is written in black ink and is positioned above a solid horizontal line that extends across the width of the signature.