

STATE OF OHIO

DEPARTMENT OF INSURANCE

IN THE MATTER OF:

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MEDICAL MUTUAL OF OHIO
(NAIC NO. 29076)

CONSENT ORDER

The Superintendent of the Ohio Department of Insurance (hereinafter the "Superintendent") is responsible for administering Ohio insurance laws pursuant to Ohio Revised Code ("R.C.") § 3901.011. Medical Mutual of Ohio ("MMO") is an Ohio-domiciled property and casualty company licensed pursuant to R.C. Section 3929.01 and, as such, is under the jurisdiction of the Superintendent.

SECTION I

- A) On or about October 7, 2009, MMO filed with the Superintendent an actuarial memorandum describing its intended rating methodology to be used with Filing #MEDM-126334654. This filing comprised health individual market policy forms styled Standard Copay, Standard No Copay, Value Plans, High Deductible Health Plans, Wellness High Deductible Health Plans, Short Term Plans, Member One Plans, Ohio Farm Bureau 80% Plans, Ohio Farm Bureau 90% Plans, Ohio Farm Bureau High Deductible Standard Plans, Ohio Farm Bureau Wellness High Deductible Health Plans, Ohio Farm Bureau Value Plans, SuperMed Plus PPO Plan for Open Enrollment and Federally Eligible Individuals, and Traditional Basic and Traditional Standard Plans for Open Enrollment and Federally Eligible Individuals. The actuarial memorandum included a statement that the lowest Risk Factor for all new business and renewals is 0.71. The actuarial memorandum did not state that the Risk Factor would change upon renewal. The Filing #MEDM-126334654 was approved by the Superintendent for use as of October 16, 2009. This filing was pursuant to a change in the Ohio law, Ohio Revised Code Section 3923.021, effective October 16, 2009, which requires insurance companies that issue sickness and accident insurance to individuals through group policies issued to one or more associations or entities, including trusts to file premium rates for approval by the Superintendent no later than October 16, 2009.
- B) Renewal premium rates for Super Med One policyholders/certificate-holders were calculated using a variety of factors including but not limited to the following: trend increases, age, location, and risk factor increases. Not all Super Med One policyholders/certificate-holders received a risk factor increase; some received a decrease in premium due to a lowered risk factor.
- C) The Superintendent initiated an inquiry into MMO's rates in December of 2010 based upon a policyholder/certificate-holder's complaint. Based upon that complaint, the Department determined that MMO had not filed its complete renewal rate methodology as part of its Super Med One filing.

- D) At the request of the Department, MMO submitted information regarding its renewal underwriting methodology in filing #MEDM-127294962. MMO then revised the renewal rating methodology at the Department's direction. The Department approved the revised filing on September 30, 2011.
- E) The Department asserts that the American Academy of Actuaries Code of Professional Conduct and the actuarial standards of practice adopted by the Actuarial Standards Board dictate that MMO was required to file additional information related to the methodology it used to set renewal rates.
- F) MMO maintains that all of its filings have been consistent with the law.
- G) This Order shall not be interpreted as an admission by MMO that its filings were incomplete or not in accordance with law.

SECTION II

IT IS HEREBY AGREED AND CONSENTED TO BY THE PARTIES THAT:

- A) The Superintendent and MMO enter into this Consent Order to resolve the allegations as set forth in Section I of this Consent Order. Both parties agree to the representations made in Section I.
- B) MMO has been advised that it has a right to a hearing before the Superintendent pursuant to R.C. Chapter 119; that, at a hearing, it would be entitled to appear in person, to be represented by an attorney or other representative who is permitted to practice before the Department; and that at a hearing, it would be entitled to present its position, arguments, or contentions in writing and to present evidence and examine witnesses appearing for and against it. MMO hereby waives all such rights.
- C) MMO consents to the jurisdiction of the Superintendent and the Department to determine the issues set forth herein. MMO waives any prerequisites to jurisdiction that may exist.
- D) MMO hereby waives all rights to challenge or to contest this Consent Order in any forum available to it now or in the future, including the right to any administrative appeal, or an action or appeal filed in any state or federal court.
- E) MMO has reviewed this Consent Order with counsel and knowingly and voluntarily enters into this Consent Order.
- F) MMO agrees that the failure to adhere to one or more of the terms and conditions of this Consent Order shall constitute a violation of a lawful Order of the Superintendent, an actionable violation in and of itself without further proof, and may subject MMO to any and all remedies available to the Superintendent.
- G) By executing the Consent Order in this case, the parties intend to and do resolve all issues arising out of actual or alleged violations of the applicable laws, regulations, and actuarial standards.

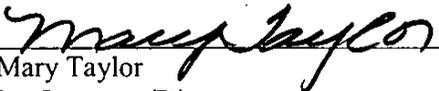
- H) This Consent Order shall be entered into the Journal of the Ohio Department of Insurance. The parties understand and acknowledge that this Consent Order is a public document pursuant to R.C. Section 149.43.
- I) MMO agrees that upon the signing of this Consent Order by its authorized representative, it shall be subject to the following additional terms and conditions:
1. MMO shall implement a Corrective Action Plan (“CAP”) that consists of the following:
 - a. MMO’s Chief Compliance Officer shall develop and implement a plan for compliance with Ohio’s statutes and regulations governing rate filings. The compliance plan shall include training for MMO’s actuarial staff on Ohio and federal rate filing requirements; the American Academy of Actuaries Code of Professional Conduct; the actuarial standards of practice adopted by the Actuarial Standards Board; controls to ensure compliance with those requirements; and periodic self-audits of MMO rate filings. The compliance plan shall be submitted to and approved by the Audit Committee of MMO’s Board of Directors at the first Audit Committee meeting following the date of this Consent Order. The Chief Compliance Officer shall also report to the Audit Committee on the actions taken by MMO to complete all necessary corrective action required by the CAP;
 - b. MMO shall provide refunds in the amount of \$12.072 million to all 2010 and 2011 Super Med One policyholders/certificate-holders who received a renewal rate increase in either year. Refunds will be distributed in proportion to the premiums paid due to the increase in unfiled risk factor at renewal in 2010 and 2011. MMO agrees that it shall not retrospectively increase the premium rate for any Super Med One policyholders/certificate-holders who received a renewal premium decrease in 2010 and 2011. MMO shall report to the Department the total number of policyholders/certificate-holders affected, the total amount paid, and the amount paid to each policyholder/certificate-holder. The payments to policyholders/certificate-holders shall be completed no later than ninety (90) days from the effective date of this Consent Order.
 - c. MMO shall submit within thirty (30) days of the execution of this Consent Order the name, title, office location, and telephone number of the MMO officer responsible for assuring that all necessary corrective action contained in the CAP is undertaken and completed in a timely manner and in full compliance with the terms and conditions of this Consent Order and the submissions made in accordance with this CAP.
 2. MMO will send a notice, in a form approved by the Department, to all affected Ohio policyholders/certificate-holders explaining what happened and how the issue will be corrected.
 3. MMO shall report its progress on the corrective action noted in the Consent Order to the Superintendent within thirty (30) days after the execution of this Consent Order, with further reports to be provided at the Superintendent’s discretion.

4. MMO agrees that it will not send to policyholders/certificate-holders rate revisions that violate R.C. Sections 3923.02 and 3923.021.
6. MMO further agrees that it shall follow the revised renewal rating factors filed and approved on September 30, 2011 and amended by subsequent filings.

NOW, THEREFORE, the agreement by and between Medical Mutual of Ohio and the Superintendent on behalf of the Department, consisting of the terms and conditions set forth above, is approved.

FURTHER, all terms and conditions are hereby ORDERED.

APPROVED AND ORDERED this 13 day of March 2012.



Mary Taylor
Lt. Governor/Director

ACKNOWLEDGEMENT AND ACCEPTANCE

By execution hereof, Medical Mutual of Ohio consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that he/she has the authority to bind Medical Mutual of Ohio to the terms and conditions of this Consent Order.

Medical Mutual of Ohio

By:  _____

Print or type name: RICK CHIRICOSTA

Title: PRESIDENT & CEO

Date: 3/2/12