BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
FOR STATE OF TENNESSEE

TENNESSEE INSURANCE DIVISION,	)	
Petitioners.	)	
	)	
vs.	)	**TID No.: 15-145**
	)	
HEALTHSCOPE BENEFITS, INC.,	)	
Respondent.	)	

CONSENT ORDER

The Tennessee Insurance Division of the Department of Commerce and Insurance ("Division") and HealthScope Benefits, Inc. ("Respondent") hereby stipulate and agree to the entry of this Consent Order subject to the approval of the Commissioner of the Tennessee Department of Commerce and Insurance ("Commissioner") as follows:

GENERAL STIPULATIONS

1. It is expressly understood that this Consent Order is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the entry of an order by the Commissioner.

2. This Consent Order is executed by the Respondent for the purpose of avoiding further administrative action with respect to this cause. Furthermore, should this Consent Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Consent Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

3. Respondent fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner against Respondent for acts or omissions not specifically addressed in this Consent Order, or for facts and/or omissions that do not arise from the facts or transactions herein addressed.

4. Respondent fully understands that this Consent Order will in no way preclude proceedings by state government representatives, other than the Commissioner for violations of the law addressed specifically in this Consent Order, against the Respondent for violations of law under statutes, rules, or regulations of the State of Tennessee, which may arise out of the facts, acts, or omissions contained in the Findings of Fact and Conclusions of Law stated herein, or which may arise as a result of the execution of this Consent Order by the Respondent.

5. Respondent expressly waives all further procedural steps, and expressly waives all rights to seek judicial review of or to otherwise challenge or contest the validity of this Consent Order, the stipulations and imposition of discipline contained herein, and the consideration and entry of said Consent Order by the Commissioner.

AUTHORITY AND JURISDICTION

6. The Commissioner has jurisdiction over this matter pursuant to the Tennessee Insurance Law ("Law"), Title 56 of the Tennessee Code Annotated ("Tenn. Code Ann."), specifically, Tenn. Code Ann. §§ 56-1-101, 56-1-202, 56-6-401, and 56-6-410(a). The Law places on the Commissioner the responsibility of the administration of its provisions.

PARTIES

7. The Commissioner of the Department of Commerce and Insurance for the State of Tennessee has jurisdiction in this matter.

8. The Division is the lawful agent through which the Commissioner administers the Law and is authorized to bring this action for the protection of the people.

9. Respondent is a claims administration and health management company operating as a Patient Protection and Affordable Care Act ("ACA") Marketplace Administrator, domiciled in Little Rock, Arkansas.

10. Respondent is not and has never been licensed as an administrator in the State of Tennessee.

FINDINGS OF FACT

11. On or about January 1, 2014, Respondent entered into a contract with Community Health Alliance ("CHA") to provide third party administrator ("TPA") services in the State of Tennessee.

12. Beginning on or about January 1, and thereafter in the year 2014, Respondent provided TPA services to CHA in the State of Tennessee.

13. In the year 2014, Respondent earned revenues totaling approximately three hundred sixty-six thousand, one hundred fifty-one dollars ($366,151) from providing TPA services to CHA in the State of Tennessee.

14. Incorporating paragraphs 12 and 13 herein, and pursuant to Tenn. Code Ann. § 56-6-410(a), Respondent operated as an unlicensed administrator in the State of Tennessee for the entirety of the year 2014.

15. Respondent continues to provide TPA services to CHA in the State of Tennessee in the year 2015.

16. To date, in the year 2015, Respondent has earned revenues totaling approximately two million, three hundred twelve thousand, seven hundred forty-three dollars ($2,312,743) from providing TPA services to CHA in the State of Tennessee.

17. Incorporating paragraphs 15 and 16 herein, and pursuant to Tenn. Code Ann. § 56-6-410(a), Respondent operated as an unlicensed administrator in the State of Tennessee for the entirety, to date, of the year 2015.

CONCLUSIONS OF LAW

18. At all times relevant hereto, Tenn. Code Ann. § 56-6-401 has provided that an administrator includes any ". . . company, corporation, partnership, association or other legal entity that collects charges or premiums from, or that adjusts or settles claims on, residents of this state in connection with life or health insurance coverage . . ."

19. At all times relevant hereto, Tenn. Code Ann. § 56-6-410(a) has provided:

> No person shall act as, or hold out to be, an administrator in this state, other than an adjuster licensed in this state for the kinds of business for which the person is acting as an adjuster, unless the person holds a license as an administrator issued by the commissioner. Failure to hold the license shall subject the administrator to a fine of not less than one hundred dollars ($100) nor more than five hundred dollars ($500).

20. The Findings of Fact contained herein indicate Respondent is in violation of Tenn. Code Ann. § 56-6-410(a) from January 1, 2014, to the present date, and, as such, Respondent is subject to sanctions pursuant to Tenn. Code Ann. § 56-6-410(a).

ORDER

NOW, THEREFORE, on the basis of the foregoing, and Respondent's waiver of the right to a hearing and appeal under the Act and the Uniform Administrative Procedures Act ("UAPA"), Tenn. Code Ann. §§ 4-5-101 *et. seq.*, and Respondent's admission of jurisdiction of the Commissioner, the Commissioner finds that Respondent, for the purpose of settling this

matter, admits the Findings of Fact and Conclusions of Law, agrees to the entry of this Order, and agrees that this Order is in the public interest, necessary for the protection of citizens of the State of Tennessee and consistent with the purposes fairly intended by the policy and provisions of the Law.

IT IS ORDERED, pursuant to Tenn. Code Ann. § 56-6-410(a) of the Tennessee Insurance Law, that:

1. Respondent shall **CEASE AND DESIST** from conducting unlicensed third party administrator services in the State of Tennessee, until such time as Respondent obtains an administrator license as defined in Tenn. Code Ann. § 56-6-410.

2. Respondent shall pay **CIVIL PENALTIES** in the amount of one thousand, five hundred dollars ($1,500). Payment shall be made within thirty (30) days from the date this agreement is executed by the Commissioner and payment shall be mailed to:

State of Tennessee
Department of Commerce and Insurance
Legal Division; Attn: Kathleen Dixon
Davy Crockett Tower
500 James Robertson Parkway
Nashville, Tennessee 37243

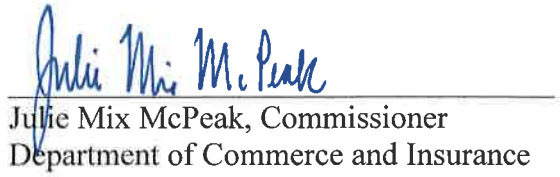
1. In addition, it is further **ORDERED** that all persons in any way assisting, aiding, or helping Respondent in any of the aforementioned violations of the Tenn. Code Ann. § 56-6-410(a), shall **CEASE AND DESIST** from all such activities in violation of the Tennessee Insurance Law.

IT IS ORDERED that this Consent Order represents the complete and final resolution of, and discharge with respect to all administrative and civil, claims, demands, actions and causes of action by the Commissioner against Respondent HealthScope Benefits, Inc. for violations of

Tenn. Code Ann. § 56-6-410(a) alleged by the Division to have occurred with respect to the transactions involving the facts contained herein.

This Consent Order is in the public interest and in the best interests of the parties, and represents a compromise and settlement of the controversy between the parties and is for settlement purposes only. By the signatures affixed below, Respondent HealthScope Benefits, Inc., affirmatively states it has freely agreed to the entry of this Consent Order, that it waives the right to a hearing on the matters underlying this Consent Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made to it by the Commissioner, the Division, or any agent or representative thereof. The parties, by signing this Consent Order, affirmatively state their agreement to be bound by the terms of this Consent Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement as set forth in this Consent Order, are binding upon them.

ENTERED this 18th day of December, 2015.



Julie Mix McPeak, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY:

Joe Edwards
CEO
HealthScope Benefits, Inc.
27 Corporate Hill Drive
Little Rock, Arkansas 72205

Michael Humphreys
Assistant Commissioner for Insurance
Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, Tennessee 37243

Respectfully Submitted,

Kathleen Dixon, BPR # 32072
Assistant General Counsel
Department of Commerce and Insurance
500 James Robertson Pkwy
Davy Crockett Tower, Eighth Floor
Nashville, Tennessee 37243
Phone: (615) 532-6830
kathleen.dixon@tn.gov