

- 1 8. Sedera takes the application and determines what monthly payment, called a “monthly
2 share” the member should pay to participate in cost sharing. This share may be paid all or in
3 part by the member’s employer. Though Sedera calls the monthly share “voluntary,” if the
4 member refuses to pay, the member is no longer eligible to participate in sharing.
- 5 9. Sedera takes 9.9% of the monthly shares to cover its costs and the remaining 90.1% of the
6 money from members is available for sharing.
- 7 10. If the member incurs a medical expense, the member is required to pay the “initial
8 unshareable amount” before the expense is eligible for sharing.
- 9 11. If the expense exceeds the “initial unsharable amount” the member submits proof of the
10 expense to Sedera. Sedera determines if the expense qualifies for sharing and will negotiate
11 the cost of the medical expenses with the provider. Sedera requires members to agree that
12 Sedera is authorized to negotiate expenses on their behalf. Sedera also requires members to
13 agree to second opinion before any elective surgery.
- 14 12. Sedera coordinates the payments for medical expenses from the shared funds and directs
15 payments to the members for reimbursement of medical expenses. If a given month has
16 greater expenses than can be covered by existing funds, Sedera decides how to prorate the
17 expenses and distributes payments to members. Sedera does not pay providers directly.
- 18 13. As of July 1, 2019 Sedera had 40 primary members and covered 59 individuals including
19 children, families and spouses in Alaska. All are members through a member employer or
20 association.
- 21 14. Sedera’s Alaska members were enrolled through more than one Alaska employer.
- 22 15. Sedera has never held any license or Certificate of Authority issued by the Director, to act
23 in any capacity under Title 21 in Alaska.
- 24 16. Sedera holds no license or Certificate of Authority issued by the insurance regulator of any
25 other state.

19 FINDINGS

- 20 17. Sedera models itself on health care sharing ministries (HCSMs). HCSMs are faith based
21 organizations whose participants share medical expenses among themselves in accordance
22 with their commonly held religious beliefs. HCSMs qualify as coverage under the
23 Affordable Care Act, also known as Obamacare.
- 24 18. AS 21.03.021(k) expressly exempts HCSMs from regulation as insurance in Alaska.
25 Although Sedera coordinates the sharing of medical expenses among participants and
26 determines the amounts participants contribute to the organization consistent with AS
21.03.021(k)(4) and (5), Sedera fails to meet the criteria for an exempt HCSM as it is not
faith based nor a non-profit as described under 21 USC 501(c)(3) or 26 USC 501(a),
requirements under AS 21.03.021(k)(1) and (2).

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19. In communications with the Division, Sedera has acknowledged that it is not a HCSM under AS 21.03.021(k).
 20. AS 21.03.021(b) states that a person that provides coverage for the cost of medical care in this state is subject to this title unless the person shows that, while providing coverage for medical care, the person is subject to the jurisdiction of another agency of this state or of the federal government by providing the director with the appropriate certificate, license, or other document issued by the other governmental agency that permits or qualifies the person to provide coverage for medical care.
 21. Sedera has not provided the Division with any such appropriate certificate, license, or document.
 22. AS 21.12.050(b) defines health care insurance as that part of health insurance that provides, delivers, arranges for, pays for, or reimburses any of the costs of medical care.
 23. AS 21.09.010(a) states that a person may not act as an insurer and an insurer may not transact insurance in this state except as authorized by a subsisting certificate of authority issued to it by the Director, except as to transactions that are expressly provided for in this title.
 24. Sedera has improperly acted as a health care insurer in Alaska by reimbursing the costs of medical care to its members and, through its negotiating service and second opinion service, arranging for the costs of medical care in violation of AS 21.09.010(a) and AS 21.03.021(b).
 25. AS 21.85.500(5) states that a “multiple employer welfare arrangement” as used within Title 21 has the same meaning as that contained in 29 USC 1002.
 26. 29 USC 1002(1) states “The terms “employee welfare benefit plan” and “welfare plan” mean any plan, fund, or program which was heretofore or is hereafter established or maintained by an employer or by an employee organization, or by both, to the extent that such plan, fund, or program was established or is maintained for the purpose of providing for its participants or their beneficiaries, through the purchase of insurance or otherwise, (A) medical, surgical, or hospital care or benefits, or benefits in the event of sickness, accident, disability, death or unemployment, or vacation benefits, apprenticeship or other training programs, or day care centers, scholarship funds, or prepaid legal services, or (B) any benefit described in section 186(c) of this title (other than pensions on retirement or death, and insurance to provide such pensions).”
 27. AS 21.85.010(a) provides as follows: “A person may not establish or maintain a self-funded multiple employer welfare arrangement except as authorized by a subsisting certificate of authority issued to the arrangement by the Director.”
 28. Sedera’s structure as described has the characteristics of a non-plan MEWA. Based on Sedera’s responses to the Division’s data request letters, these arrangements are self-funded. Combining this information with the Sedera Health Membership Guidelines and

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
P.O. BOX 110805
JUNEAU, ALASKA 99811-0805
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IF YOU NEED HEARING ASSISTANCE, PLEASE CALL ALASKA RELAY AT 711

1 Services Agreements with employers, all available evidence demonstrates this health
benefit plan is a self-funded MEWA.

2 29. Sedera has never been registered or authorized by the Director to act as a MEWA in
Alaska.

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4 30. Sedera has improperly solicited, marketed, sold, and/or issued what they have represented
5 to be health benefit plans as a MEWA to employers in Alaska in violation of AS
21.85.010(a) by:

- 6 a. soliciting and selling the following: health insurance coverage to employers through
a health care sharing program;
7 b. Using the name Sedera Health, Sedera has been and continues to solicit health
benefit plans to employers under the business name of "Sedera Health".

8
9 31. AS 21.06.080 authorizes the Director to issue a Cease and Desist Order to a person who has
acted in a capacity for which a license, registration, permit, or Certificate of Authority from
10 the Director was required but not possessed.

11 32. AS 21.06.080 does not require the Director to hold a hearing prior to issuing a Cease and
Desist Order.

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13 **ORDER TO CEASE AND DESIST**

14 33. NOW THEREFORE, Sedera IS HEREBY ORDERED to immediately CEASE AND
DESIST from operating any MEWA directly or indirectly or acting as an insurer, or in any
15 other capacity in the state of Alaska for which they do not hold a valid license, permit,
16 registration, or Certificate of Authority to do so, including but not limited to:

- 17 a. Operating as a MEWA, advertising, or participating in advertising, by newspaper,
18 telephone book or listing, mail, handout, business card, or by any other written or
printed presentation, or by telephone, radio, television, Internet, public outcry or
19 proclamation, or in any other manner or means whatsoever, whether personally or
through others, that implies that they are licensed, permitted, or authorized, or are
20 engaged in the business of soliciting, negotiating, executing, delivering, or
furnishing insurance in the State of Alaska on behalf of any person operating as, for,
21 or on behalf of any associated MEWA.
22 b. Operating as an insurer, advertising, or participating in advertising, by newspaper,
23 telephone book or listing, mail, handout, business card, or by any other written or
printed presentation, or by telephone, radio, television, Internet, public outcry or
24 proclamation, or in any other manner or means whatsoever, whether personally or
through others, that implies that they are licensed, permitted, or authorized, or are
25 engaged in the business of soliciting, negotiating, executing, delivering, or
furnishing insurance in the State of Alaska on behalf of any person operating as, for,
26 or on behalf of any associated insurer.

1 c. Receiving any money, commission, fee, rebate, payment, remuneration, or any other
2 valuable consideration whatsoever, directly or indirectly, in connection with any
3 transactions.

4 34. Sedera shall continue to pay claims until adequate notification to members is made and
5 during the pendency of any possible appeal.

6 35. Sedera shall continue to honor and maintain any and all existing contracts, plans, policies,
7 or memberships with Alaska entities and consumers until the Director releases such
8 obligations.

9 **NOTICE OF FINE**

10 PLEASE TAKE NOTICE that the Director may, pursuant to AS 21.97.020, impose a civil
11 penalty of not more than twenty-five thousand dollars (\$25,000) per violation.

12 **NOTICE OF RIGHT TO HEARING**

13 Sedera may contest this Order pursuant to AS 21.06.170-220. You have 10 days after the
14 Order is delivered to file a written demand for a hearing.

15 Your written request for a hearing must be directed to:

16
17 Lori Wing-Heier
18 Director
19 Alaska Division of Insurance
20 550 W 7th Ave, Ste 1560
21 Anchorage AK 99501-3567

22 DATED this 13th day of August, 2019.
23 15th

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Lori Wing-Heier
Director