



Press Release

FOR IMMEDIATE RELEASE

COMMISSIONER'S OFFICE

No. 16-003

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The Division of Insurance Restricts Moda Health Plan from Issuing or Renewing Policies

January 28, 2016 JUNEAU – Today, the Alaska Division of Insurance issued a Determination of Impairment, thereby limiting Moda Health Plan's business practices in Alaska. Under the determination, Moda's ability to accept new and renewal business in Alaska is suspended. This action follows the Order of Immediate Supervision issued by the State of Oregon, where Moda is domiciled.

"The Division of Insurance has been closely reviewing Moda's financial status and monitoring related consumer complaints," said Lori Wing-Heier, Director of the Division of Insurance. "We took this action to protect Alaskans—Moda's inadequate capital and excessive operating losses put it in a hazardous financial situation. Today's action will facilitate the division's participation in the company's financial decisions to ensure that policyholders are protected. The division will do everything within its authority to see that Moda's policyholders will continue to access medical services until they can be transitioned to another insurer." Information for policyholders will be made available on the Division of Insurance's [webpage](#) as it emerges.

The Determination of Impairment order is effective today; however, Moda's insurance policies may still appear on healthcare.gov through the end of the open enrollment period on January 31. The Division of Insurance advises consumers still shopping for plans to choose an insurer other than Moda. Alaskans already enrolled with Moda will need to switch plans; there will be a special enrollment period to allow for the transition. The Division of Insurance is working closely with the federal Centers for Medicare and Medicaid Services and Center for Consumer Information and Insurance Oversight during this time.

Consumers with questions should contact the Division of Insurance consumer services specialists at (907) 269-7900. FAQs will be posted to the division [webpage](#) by close of business, and updated as more information becomes available.

The Division of Insurance, along with the Division of Banking and Securities, the Division of Corporations, Business and Professional Licensing, the Alcohol and Marijuana Control Office, and the Regulatory Commission of Alaska, is an agency housed within the Alaska State Department of Commerce, Community and Economic Development tasked with protecting consumers in Alaska. For additional information about the division, please visit commerce.alaska.gov/web/INS. For additional information about the Department of Commerce, Community and Economic Development and its other agencies, please visit commerce.alaska.gov.

ATTACHED: Determination of impairment

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CERTIFIED MAIL

RETURN RECEIPT REQUESTED

STATE OF ALASKA

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC
DEVELOPMENT

DIVISION OF INSURANCE

550 W. 7th AVENUE, SUITE 1560
ANCHORAGE, ALASKA 99501-3567

Order No. SR 16-01)
In the Matter of)
MODA HEALTH PLAN,) Order of Impairment
INCORPORATED) under AS 21.09.175 and 3 AAC
NAIC NO. 47098) 21.510 - 21.520
_____)

WHEREAS, a Certificate of Authority to transact the business of insurance
in the State of Alaska was issued to **Moda Health Plan, Inc. (MODA),**
domiciled in the State of Oregon.

WHEREAS, on January 27, 2016, the Oregon Department of Consumer
and Business Services, Division of Financial Regulation issued an Order of
Immediate Supervision over **MODA** based on reasonable cause to believe and a
determination that the company is in such condition that its continuation of
business with financial results currently reported is hazardous to the public or to
its insureds.

1 **WHEREAS**, as of September 30, 2015, **MODA** reported capital and surplus of
2 \$53,120,449. **MODA** has only been able to maintain positive capital and surplus because
3 of significant infusions through surplus notes from outside parties. The total capital and
4 surplus contributed to **MODA** by other parties since its initial creation as a company
5 totals \$110,000,000. Adverse findings reported in annual, quarterly, and monthly
6 financial statements, indicate that the company has inadequate capital and surplus to
7 continue operations in 2016. Total net loss as of September 30, 2015 was \$30,929,039,
8 with an expected annualized amount exceeding that value,¹ further depleting its surplus.
9

10
11 **WHEREAS**, **MODA's** operating net loss for the 9 month period ending
12 September 30, 2015, is \$30,929,039. **MODA's** capital and surplus in excess of
13 the statutory minimum is \$50,620,449. ² The operating loss is greater than 50
14 percent of **MODA's** excess capital and surplus (\$50,620,449).
15

16 **WHEREAS**, the Division has received estimated financial information
17 from **MODA** indicating that 2015 fourth quarter losses have dropped **MODA's**
18 risk based capital ratios within the range that could give rise to action under AS
19 21.14. The Division also has received information from **MODA** as of January
20 2016 its capital and surplus is \$21,670,149 with a total net loss through year-end
21 2015 of \$58 million.
22

23 **WHEREAS**, **MODA's** continued operation has caused or may cause
24 irreparable loss or injury to the insurer or the public.
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27

28 ¹ Per email sent by company to Alaska Division of Insurance on January 21, 2016 by CFO David
29 Evans.

² \$53,120,449 - \$2,500,000

1 **IT IS HEREBY ORDERED**, under the provisions of AS 21.09.175 and
2 3AAC 21.510 that **MODA** is impaired or in imminent danger of becoming
3 impaired based on **MODA's** financial results.
4

5 **IT IS FURTHER ORDERED**, under the authority of 3 AAC 21.520 that
6 **MODA** will comply with the following requirements until such time it is no
7 longer impaired or in imminent danger of being impaired and the conditions
8 provided in the Oregon Order of Immediate Supervision have been satisfied or
9 resolved:
10

- 11 1. Suspend accepting new or renewal business in Alaska;
12 2. Provide the financial reports listed below to the Alaska Division of
13 Insurance, summarized by Company totals as well as segregated by state:

14 Monthly & Year To Date (YTD) Premium receipts
15 Monthly & YTD Written premiums
16 Claims Paid during month & YTD
17 Incurred Losses and Incurred But Not Reported (IBNR) during month &
18 YTD
19

20 Loss lag/runoff reports
21 Estimated RBC ratio at month-end
22 Estimated total Assets at month-end
23 Surplus at month-end
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- 25 3. Provide at the first of every month, monthly enrollment numbers, on and off the
26 exchange and enrollment numbers based on Center of Medicare and Medicaid Services cost
27 sharing categories.
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4. File a risk based capital report as provided for and under the timelines given in AS
21.14.070

This Order is effective the 28th day of January 2016

Dated this 28th day of January 2016.



LORI WING-HEIER, DIRECTOR
DIVISION OF INSURANCE