

Questions & Answers -- Minuteman Health, Inc. Rehabilitation

August 3, 2017

Gary D. Anderson, the Acting Massachusetts Commissioner of Insurance, announced today that the Supreme Judicial Court for Suffolk County granted his request to be appointed Receiver of Minuteman Health, Inc. ("MHI"), and the Board of Directors of MHI assented to the Commissioner's request. With the court's action, MHI is now under the control of the Commissioner as its Receiver. The Commissioner took this proactive step to place MHI into rehabilitation to protect policyholders and their health care providers.

Why did the Insurance Commissioner take this step?

MHI has experienced adverse results for some time, primarily due to significant start-up costs and risk adjustment obligations. MHI's financial situation deteriorated to a level that the Insurance Commissioner took this action to protect consumers and their providers. Although MHI relied on federal loans to get started, last December, the United States made its final loan distribution to MHI – for a total of approximately \$154 million. More money is not available from the United States to fund MHI going forward. MHI's risk adjustment obligations announced in June of 2017 were much higher than what was estimated. This brought MHI's surplus to a level which merited this action.

Why does the Receiver believe MHI's insurance obligations can be paid in full?

Approximately \$25 million of MHI's liabilities are for a loan from the United States which is subordinated to MHI's insurance claim obligations. Therefore, while its capital is thin, a \$25 million "cushion" is effectively available if needed to pay MHI's claims.

What does this mean about my policy?

There will be no interruption in your coverage. Individual policies will remain in effect until December 31, 2017. Individual MHI members will be receiving additional written information about their options well before the beginning of the open enrollment period on November 1 for coverage becoming effective as of January 1, 2018. Individual MHI members will be able to select their 2018 health insurer during that open enrollment period. MHI's group coverage with other renewal dates will be allowed to continue until the next renewal date.

The Receiver's plan is that between now and December 31, 2017 (or later renewal date for group policies), coverage will continue under MHI policies, covered persons will have access to plan benefits, and providers will be paid, provided that covered persons continue to make all necessary premium payments to MHI for plan coverage.

Certain officers and directors of MHI are seeking to organize a new health insurer by August 16, 2017. If they are successful, that new insurer will also be an option for Massachusetts and New Hampshire residents in 2018.

Does this impact my annual deductible or out-of-pocket maximum?

Any amounts paid to this point regarding an annual deductible amount or out-of-pocket maximum will continue to apply and additional payments will be credited. In other words, MHI's receivership has no impact on the calculation of annual deductibles or out-of-pocket maximum amounts.

How does this impact MHI's New Hampshire members?

MHI's Massachusetts and New Hampshire members will be treated the same. So too, New Hampshire health care providers will be treated the same as Massachusetts providers. The Massachusetts and New Hampshire insurance departments have worked closely together and with the United States Department of Health and Human Services, Centers for Medicare & Medicaid Services, to develop and implement an integrated regulatory plan. This coordination is intended to facilitate equivalent treatment for MHI members regardless of their state.

Who should I contact about coverage questions?

Members with coverage questions should continue to contact MHI member services at 855-644-1776 or at members@minutemanhealth.org. Updates will also be posted on www.MinutemanHealth.org.

Who should members or their health care providers contact about claim issues?

Members and their health care providers should continue to contact MHI at 855-644-1776 regarding claims issues. Health care providers should deal with health care service issues (like pre-authorization) just as they did in the past. Claims should be submitted as they were in the past and claim administration questions should be raised in the same way. Payments will be processed promptly and remitted in the same manner as previously.

Does MHI's receivership impact a member's ability to receive health care?

No, health care providers will be paid in accordance with their existing contracts and they are therefore expected to continue to provide the same quality health care to MHI members.

What does "receivership" mean for MHI?

The Insurance Commissioner is now in control of MHI with its officers and employees reporting to him. Reporting arrangements have been put in place so that operations can proceed efficiently while affording the Receiver information and control over substantive decisions. The Massachusetts Division of Insurance has considerable experience with insurer runoffs.

The receivership of MHI will be subject to supervision by a single justice of the Supreme Judicial Court. Regular reports will be submitted to the Court and any significant steps regarding MHI will be subject to its approval. Generally, such reports, motions and any hearings are open to the public.

How does the organization of a new insurer by certain MHI officers and directors impact MHI's receivership?

If a new insurer is organized by August 16, 2017, it will compete during open enrollment for the business of Massachusetts and New Hampshire consumers, including current MHI members seeking new coverage for January 1, 2018. It will also likely seek to assume MHI's group health insurance business. In addition, the Receiver may contract with an affiliate of the new insurer for runoff services on a cost (no profit) basis. Such a contract would be subject to the Court's approval. In such a situation, the current employees of MHI could become employees of that affiliate.

The new insurer would have no responsibility for MHI's obligations or any claim on its assets.

What are the Receiver's goals?

Mindful of MHI's significant obligations to the United States, the Receiver's goal is to pay all of MHI's insurance obligations to members and their health care providers without interruption or disruption in accordance with the terms of the applicable insurance policies and provider contracts. This is expected to take approximately twenty-four months. At that point, the Receiver, having conducted the MHI runoff as efficiently as possible, will seek to distribute the remaining amounts to the United States.

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MHI's Massachusetts members and health care providers with questions about MHI's receivership can call or email Kevin Beagan (617-521-7347, Kevin.Beagan@state.ma.us) and New Hampshire members can call the New Hampshire Insurance Department Consumer Services Division at 1-800-852-3416 or email at: consumerservices@ins.nh.gov.

The Massachusetts Division of Insurance will hold an information session for providers and other interested parties at 10:30 a.m. on Friday, August 4, 2017, in Room 1-E at the Division of Insurance, 1000 Washington Street, Boston, Massachusetts. Persons may also participate by calling 1-888-278-0296 (Access Code 5054665).