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FILED

JUN 13 2014

Department of Insurance
State of Idaho

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:

MONTANA HEALTH COOPERATIVE
NAIC No. 14933

Application for Admission

Docket No. 18-2940-14

**STIPULATION AND ORDER
CONCERNING CERTIFICATE OF
AUTHORITY**

STIPULATION

WHEREAS, Montana Health Cooperative, a Montana non-profit corporation, NAIC No. 14933 ("MTHC"), submitted an application for admission to the Idaho Department of Insurance (the "Department"); and

WHEREAS, following review of the application submitted by MTHC, the Department was concerned about the lack of sufficient experience and operational history of MTHC and was inclined to deny the application for certification. Based on the Department's review of supplemental material provided by MTHC and the source of funding from the United States government, the Department concluded that a certificate of authority may be issued to MTHC

pursuant to Idaho Code § 41-308, permitting MTHC to operate as managed care organization pursuant to chapter 39, title 41, of the Idaho Code, provided that MTHC agree to certain conditions associated with its operation in the state of Idaho; and

WHEREAS, the parties agree that the following stipulation is in the best interest of MTHC, the Department, and the Idaho consumer;

NOW, THEREFORE, MTHC and the Department hereby stipulate and agree as follows:

1. In addition to the statutory deposit of One Million Dollars (\$1,000,000.00) made pursuant to Idaho Code § 41-316(2), MTHC shall deposit an additional One Million Five Hundred Thousand Dollars (\$1,500,000.00) (“Additional Deposit”) through the Director of the Department of Insurance, for the benefit of Idaho policyholders, pursuant to and in accordance with the Custody Agreement attached hereto as Exhibit A and incorporated herein by this reference. MTHC agrees that the Additional Deposit shall be exclusively for the benefit of Idaho policyholders in the event MTHC is unable to perform any obligations under the policies issued to Idaho residents. The Additional Deposit shall be made within five (5) business days following entry of this Stipulation. The Additional Deposit shall be maintained until such time as the Director determines, in his sole discretion and based on the Director’s review of the financial condition of MTHC, that it may be released.

2. MTHC shall maintain a Risk-Based Capital ratio (RBC) of 500% or better. In the event MTHC's RBC falls below 500%, it will stop writing new policies in Idaho unless otherwise permitted by the Director, which decision shall be in the sole discretion of the Director.

3. Commencing January 2015, MTHC shall submit monthly unaudited financial reports to the Department. Each report will be due thirty (30) days following the end of the prior calendar month, with the first report for January 2015 due March 2, 2015. The monthly financial

reports shall consist of balance sheet, income statement, cash flow statement and enrollment counts and shall continue to be filed with the Department until such time as the Director, in his sole discretion, requires otherwise. All other statutory reports required under the Idaho Insurance Code shall continue to be filed on a timely basis.


4. The Department anticipates that the foregoing conditions shall remain in place and enforceable for five (5) years following issuance of the certificate of authority, but the Director may extend or shorten such timeframe in his sole discretion. MTHC may petition the Department for release of the conditions at any time, provided that such release shall be in the sole discretion of the Director.

5. If the Department determines, in its sole discretion, that any of the provisions of this Stipulation are violated following issuance of the anticipated certificate of authority, MTHC shall immediately cease writing any new business in Idaho and such violation shall constitute grounds to immediately suspend MTHC's certificate of authority without notice or an opportunity for hearing, and such violation shall serve as grounds to revoke MTHC's certificate of authority at the Department's option, but such revocation will only occur after notice and opportunity for hearing.


6. The parties agree that the terms of this Stipulation are appropriate and proper under the circumstances referenced herein and that they have entered into this Stipulation knowingly and voluntarily and with full knowledge of any rights they may be waiving thereby, and MTHC further waives its right to seek reconsideration and judicial review following entry of the attached order.

AGREED THIS 10 day of June, 2014.

MONTANA HEALTH COOPERATIVE
a Montana non-profit corporation

By: 
Name: Jerry Dworak
Its: Chief Executive Officer

IDAHO DEPARTMENT OF INSURANCE

By: 
Georgia Siehl
Bureau Chief / Chief Examiner
Company Activities Bureau

ORDER

IT IS HEREBY ORDERED, pursuant to Idaho Code §§ 41-210, 41-212 and 41-308, that the foregoing Stipulation is approved and the conditions set forth therein adopted as a requirement for the issuance of a certificate of authority to Montana Health Cooperative to operate in Idaho as a managed care organization pursuant to chapter 39, title 41, Idaho Code.

DATED AND EFFECTIVE this 11th day of June, 2014.

STATE OF IDAHO
DEPARTMENT OF INSURANCE


WILLIAM W. DEAL, Director

CERTIFICATE OF SERVICE

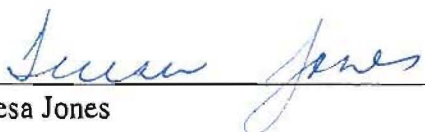
I HEREBY CERTIFY that I have, on this 13th day of June, 2014, caused a true and correct copy of the foregoing STIPULATION AND ORDER CONCERNING CERTIFICATE OF AUTHORITY to be served upon the following by the designated means:

Dr. Doug Dammrose
Executive Director
Montana Health Cooperative
1545 E. Iron Eagle Way, Suite 103
Eagle, ID 83616

- first class mail
- certified mail
- hand delivery
- via facsimile

Richard B. Burleigh
Deputy Attorney General
Idaho Department of Insurance
700 W. State Street
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Boise, Idaho 83720-0043

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- hand delivery
- via facsimile



Teresa Jones