



Office of the Director

Arizona Department of Insurance

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Douglas A. Ducey, Governor

Andy Tobin, Director

PRESS RELEASE

FOR IMMEDIATE RELEASE

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Meritus Health Placed Under Supervision

Two Arizona health insurance companies have been placed under supervision by the Arizona Director of Insurance, Andy Tobin. Director Tobin filed an Order for Supervision on October 30, 2015, to place Meritus Health Partners and Meritus Mutual Health Partners into supervision. Meritus declined to consent to the Order for Supervision. The Meritus companies' ability to write new policies or renew existing policies is suspended. The Centers for Medicare and Medicaid Services has removed the Meritus plans from the Marketplace. Director Tobin, appointed as Supervisor under Arizona law, will oversee the two companies.

Under Supervision, both Meritus companies will honor their individual and group health insurance plans through the end of 2015. As part of the Order for Supervision, Meritus may not issue new policies or renew existing policies. Current Meritus policyholders should seek new coverage for 2016 when Open Enrollment begins November 1, 2015. An affected policyholder may contact the Marketplace to inquire about a Special Enrollment Period, if the policyholder needs more time to select a non-Meritus plan. Currently, there are expected to be eight companies on the Exchange in Arizona representing roughly 120 individual plans, and three companies offering approximately 15 small group plans. There are additional plans available off the Marketplace, as well.

"The Governor's number one priority is protecting Arizona citizens and I intend to do just that," said Director Tobin. "We will work to make policyholders' transition as seamless as possible. Policyholders will be able to select a new plan from companies available on the Marketplace when Open Enrollment begins November 1, 2015."

The Meritus companies were incorporated on December 7, 2012, as nonprofit corporations for the purpose of becoming Consumer Operated and Oriented Health Plans (Co-Ops). Meritus received start-up and solvency loans from the Centers for



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Medicare and Medicaid Services under the Affordable Care Act in the aggregate of approximately \$93.3 million. The Meritus companies were two of twenty-three healthcare Co-Ops that were formed around the country. The Meritus entities have yet to make a profit and have lost over \$78 million since their inception.

"It's disappointing that the Meritus CEO and Board of Directors declined to consent to this order," Tobin said. "However, with Open Enrollment beginning this weekend and many Meritus policyholders subject to automatic re-enrollment, it was vital that the Department step-in and protect Arizona citizens."

Meritus has both Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) products that provide coverage for approximately 59,000 Arizona residents, mostly in Maricopa, Pima and Pinal Counties.

Affected consumers are urged to contact, the "Marketplace" at 1-800-318-2596, work with their agents/brokers, or request help from a local assister <https://localhelp.healthcare.gov>. If you have questions about insurance claims, continuation of coverage, health care appeals, or other issues specific to your insurance coverage, contact the Arizona Department of Insurance Consumer Affairs Division at 602-364-2499 (metro Phoenix) or 800-325-2548 (outside Phoenix).

About the Arizona Department of Insurance

The Arizona Department of Insurance, an agency of the State of Arizona, is responsible for the education and protection of insurance consumers and for oversight of the insurance industry in the state.