

# PRESS RELEASE

**JANE DEE HULL**  
GOVERNOR



**CHARLES R. COHEN**  
DIRECTOR

## ARIZONA DEPARTMENT OF INSURANCE

2910 North 44th Street, Suite 210, Phoenix, Arizona 85018-7256 · (602) 912-8456 · FAX: (602) 912-8452  
<http://www.state.az.us/id>

**Contact: Don Harris**  
**Public Information Officer**  
**(602) 912-8402**

**1999-26**  
**For Immediate Release**  
**November 16, 1999**

### Insurance Department Places Premier Healthcare in Receivership

The Arizona Department of Insurance obtained a court order today appointing Director Charles R. Cohen as Receiver of Premier Healthcare of Arizona, Inc. Premier is a "health care services organization," commonly referred to as an HMO.

In filings made with the Maricopa County Superior Court, Premier agreed that it is legally insolvent and consented to the appointment of a Receiver. Premier has more than 70,000 enrollees throughout the state, primarily in Flagstaff, Kingman, Prescott and Yuma.

"Our primary concern in this situation is Arizonans with health insurance coverage from Premier," Cohen said. "We will use every means at our disposal to transition them to other coverage with minimum inconvenience, expense and loss of benefits."

In accordance with state law, Premier has a plan for insolvency that should enable it to continue to provide health insurance coverage for at least another 60 days, and for hospitalized persons at least until they are discharged.

"Enrollees who wish to continue their coverage with Premier during this 60-day period must continue to make their premium payments to Premier for this period," Cohen emphasized.

However, Premier's contract with the Health Care Financing Administration (HCFA), the federal agency that runs Medicare, will end Nov. 30, 1999.

State law also requires any insurance carrier that participated in an employer's regular open enrollment period in which Premier also participated to offer Premier's enrollees a new 30-day open enrollment period. During that 30 days, enrollees may obtain the same coverage and rates that had previously been offered, without any new waiting periods or pre-existing conditions, exclusions, limitations or restrictions.

-more-

Additionally, there are state and federal laws that give small employers of two to 50 employees "guaranteed issue" rights to obtain coverage. However, there are limited rate controls for this type of coverage, and small employers who obtain new coverage under these laws may see their rates increase.

"This receivership order does not terminate existing contracts between Premier and physicians and hospitals to provide health care to Premier enrollees," Cohen said. "Providers remain obligated to render service to Premier enrollees at contract rates. I also want to remind contract providers that Arizona law prohibits them from attempting to collect amounts from enrollees other than co-payments, deductibles or for uncovered services."

HCFA is working with the Insurance Department and the State Health Insurance Assistance Program (SHIP) to help assure a smooth transition for the approximately 20,000 Medicare beneficiaries enrolled in Premier in Arizona.

All of the Medicare beneficiaries enrolled in Premier are guaranteed continued health care coverage under the federal program, but they will need to make a decision about how they wish to receive their health care after Nov. 30, 1999. Affected beneficiaries who live in a county where other HMOs will continue to be available may enroll in one of those HMOs at any time in November for service to begin Dec. 1, 1999.

Beneficiaries who have no other HMO options will return to original fee-for-service Medicare. Beneficiaries who return to original fee-for-service Medicare can also purchase supplement insurance, known as Medigap. Information about their options and rights will be sent to them shortly. All beneficiaries should make the most of their options and rights by shopping carefully.

Information about health plan options is available by calling Medicare at (1-800) MEDICARE (1-800 633-4227) or on the Internet at ([www.medicare.gov](http://www.medicare.gov)). Free counseling is also available from SHIP at (1-800) 432-4040. A list of the 80 companies approved to market Medigap policies in Arizona is available from SHIP or the Arizona Department of Insurance at (1-800) 325-2548 or (602) 912-8444.

For those individuals and groups needing additional assistance to find replacement coverage, the Receiver will work with them to make the best placements possible in the private market.

The Receiver will be corresponding immediately with employers, enrollees and providers concerning their rights and obligations during the receivership. Premier enrollees with questions may call (1-888) 590-2457 or (602) 200-2457.

A complete list of insurers that offer group health care coverage in Arizona and a list of companies approved to offer Medigap coverage are on the Insurance Department's web site [www.state.az.us/id](http://www.state.az.us/id) or are available by calling (602) 912-8444 or (1-800) 325-2548.