

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of

**AMERICAN HEALTH MANAGEMENT
SERVICES, INC.**

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Docket No. 73922

CONSENT AGREEMENT AND FINAL ORDER
(Pursuant to K.S.A. 40-2,125, and K.S.A. 2015 Supp. 77-537)

The Kansas Insurance Department (“KID”) and American Health Management Services, Inc. (“American Health”) submit this Consent Agreement and Final Order. American Health hereby waives any and all rights to further administrative adjudication or review of this matter, including any and all rights conferred upon it under K.S.A. 77-501 et seq. Pursuant to the authority conferred upon the Commissioner of Insurance (“Commissioner”) by K.S.A. 40-2,125 and in accordance with K.S.A. 2015 Supp. 77-537, Ken Selzer, CPA, the duly elected, qualified and serving Commissioner of Insurance, hereby adopts the KID’s agreement made with AHMS and finds and Orders as follows:

Findings of Fact

1. American Health, a third party management corporation, is located at 1971 Tennessee Ave N, Parsons, TN 38363. Its State Registered office is located at 112 SW 7th Street, Suite 3C, Topeka, KS 66603.
2. Kansas Superior Select, Inc. (“KSSI”), a Kansas domiciled health maintenance organization, is located at 709 Kansas Avenue, Suite 201, Topeka, KS 66603.
3. American Health entered into a Management Agreement with KSSI on October 1, 2017 to perform “certain management services” and has been performing those services continuously thereafter.
4. American Health has never held a third party administrator (TPA) license in the State of Kansas.
5. American Health did not apply for a TPA license until April 12, 2018. On June 1, 2018, KID informed American Health by letter that the application could not be approved at that time because American Health, being formed in February 2017, had negative equity and could not demonstrate a positive net worth for a full two fiscal years prior to the filing of the application.
6. Despite not having a TPA license in Kansas, American Health continued to perform services under the Management Agreement. During which time American Health and KID were in continuing contact by email and telephone regarding KSSI and American

Heath's operations, as American Health endeavored to resolve outstanding issues with KID.

7. In July 2018 KSSI entered into a memorandum of understanding with the Kansas Insurance Department, whereby KSSI would transition to a licensed TPA by September 30, 2018.
8. As of the date of this order, KSSI has drafted an amendment to the Management Agreement whereby Beacon Health Solutions, LLC would contract to provide TPA services in place of American Health. The Kansas Insurance Department is in the process of reviewing said agreement.

Applicable Public Policy

9. The purpose of this action is to effectuate the policies set forth in K.S.A. 40-2404(9) (f).

Applicable Law

10. K.S.A. 40-3812(a) A person shall apply to be an administrator in its home state and shall receive a license from the regulatory authority of its home state prior to performing any function of an administrator in this state.
11. K.S.A. 40-3813(a) Unless an administrator has obtained a home state license in this state, any administrator who performs duties as an administrator in this state shall obtain a nonresident administrator license in accordance with the provisions of this section by filing with the commissioner the uniform application, accompanied by a letter of certification. In lieu of requiring an administrator to file a letter of certification with the uniform application, the commissioner may verify the nonresident administrator's home state certificate of authority or license status through an electronic database maintained by the NAIC, its affiliates or subsidiaries.
12. K.S.A. 2,125(a) If the commissioner determines after notice and opportunity for a hearing that any persons has engaged or is engaging in any act or practice constituting a violation of any provision of Kansas Insurance Statutes or any rule and regulation or order thereunder, the commissioner may in the exercise of discretion, order any one or more of the following:
 - (1) Payment of a monetary penalty of not more than \$1,000 for each and every act or violation, unless the person knew or reasonably should have known such person was in violation of the Kansas insurance statutes or any rule and regulation or order thereunder, in which case the penalty shall not be more than \$2,000 for each and every act or violation. . .
 - (3) that such person cease and desist from the unlawful act or practice and take such affirmative action as in the judgment of the commissioner will carry out the purposes of the violated or potentially violated provision.

Conclusions of Law

Based on the Findings of Fact enumerated in paragraphs 1 through 8, the applicable public policy, and the applicable law, the Commissioner finds as follows:

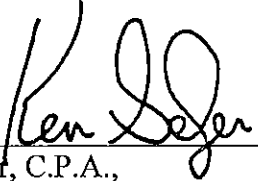
13. The Commissioner has jurisdiction over American Health and the subject matter of this proceeding and such proceeding is held in the public interest.
14. American Health has violated K.S.A. 40-3812 and K.S.A. 40-3813 by not obtaining a proper Home State TPA license or a Nonresident Administrator License before operating as an administrator within the State of Kansas.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE

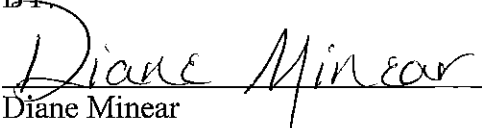
15. American Health shall cease and desist from providing TPA services for Kansas Superior Select or any other company transacting the business of insurance within the State of Kansas, until such time as American Health is licensed in Kansas as a TPA.
16. American Health shall pay \$1,000 penalty pursuant to K.S.A. 40-2,125.
17. The Commissioner shall retain jurisdiction over this matter to issue any orders deemed necessary.

IT IS SO ORDERED THIS 20 DAY OF NOVEMBER 2018 IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, and STATE OF KANSAS.





Ken Selzer, C.P.A.,
Commissioner of Insurance

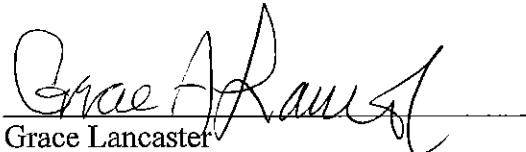
BY:


Diane Minear
General Counsel

CERTIFICATE OF SERVICE

The undersigned hereby certifies that she served the above and foregoing Summary Order and Notice of Rights on this 20 day of November 2018, by causing the same to be deposited in the United States Mail, first-class postage prepaid, addressed to the following:

William W Sneed, JD
Sneed Law Firm, LLC
825 S Kanas Ave., Suite 520
wsneed@sneedlawoffice.onmicrosoft.com



Grace Lancaster
Staff Attorney