



Kansas Department of Insurance

Commissioner Vicki Schmidt

In the Matter of	)	
MEDICA INSURANCE COMPANY	)	Docket No. 117785
NAIC # 12459	)	

CONSENT AGREEMENT AND FINAL ORDER

Pursuant to K.S.A. 40-103, K.S.A. 40-951 *et seq.*, K.S.A. 40-2,125, and in accordance with K.S.A. 77-501 *et seq.*, the Commissioner of Insurance has the general supervision, control and regulation of corporations, companies, associations, societies, exchanges, partnerships, or persons authorized to transact the business of insurance, indemnity, or suretyship in this state and shall have the power to make all reasonable rules and regulations necessary to enforce the laws of this state relating thereto. If any person has engaged in 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 such remedies as payment of monetary penalties, suspension, or revocation of licenses or certificates, or issuing cease and desist orders, or such other affirmative actions to carry out the purposes of the violated provision. Medica Insurance Company, named above, is currently licensed as an insurance company in the State of Kansas.

To resolve this matter, the Commissioner and Medica Insurance Company hereby agrees to the following:

1. Medica Insurance Company ("Medica") has been advised that, pursuant to K.S.A. 77-537 and K.S.A. 77-542, the company has a right to a hearing before the Commissioner may impose any sanctions or penalties. At a hearing, the company would be entitled to appear in person, to be represented by an attorney or other representative who is permitted to practice before the agency, to present its position, arguments, or contentions in writing, and to present evidence and examine witnesses appearing for and against it. Medica hereby waives all such rights.
2. Medica hereby waives any and all rights it may have under the Kansas Administrative Procedure Act, K.S.A. 77-501 *et seq.* and the Kansas Judicial Review Act, K.S.A. 77-601 *et seq.* to seek administrative or judicial review of this Consent Order.
3. Medica consents to the jurisdiction of the Commissioner and the Kansas Department of Insurance ("Department") to determine the issues set forth herein. Medica expressly waives any prerequisites to jurisdiction that may exist.

4. Medica neither admits nor denies the following statements of fact but acknowledges the Commissioner has sufficient evidence to introduce at an administrative hearing that the following facts occurred or are occurring:
 - a. In Plan Year 2025, Medica reduced its health insurance service area in Kansas from roughly 42 counties down to 4.
 - b. Medica properly mailed out non-renewal notices in October 2024 to members who resided in the 38 counties that were being non-renewed as is required by Kansas law.
 - c. However, in December 2024, Medica sent out new ID cards and invoiced premiums to the members in those non-renewed counties where Medica was no longer offering services due to an operational error.
 - d. This error was not discovered until January 2025. By this time, 1,119 members who had on-exchange policies had been affected, either by being invoiced premiums, receiving their ID cards, having premium payments withdrawn, or some combination thereof. In addition to the 1,119 members affected, 24 off-exchange members experienced similar issues with receiving coverage for procedures they believe they had insurance for.
 - e. Due to this mailing error, members were erroneously invoiced premiums, and 60 members paid those invoices. In the case of 55 of those members, the premiums payments were withdrawn from their bank accounts via ACH transactions despite not having insurance. Five additional members paid the premium invoice by check or phone. All premium payments were subsequently refunded to the individuals.
 - f. Furthermore, there were members who attempted to receive medical care during this period, believing they had insurance through Medica due to paying their premiums and receiving ID cards; however, the members did not have health care coverage.
 - g. In order to mitigate the effect of these errors, special enrollment periods were offered to the members, including the 24 off-exchange members. To further mitigate the effects of these errors, Medica refunded the members who had their premium payments withdrawn from their bank accounts or submitted payments via check or phone.
5. Medica neither admits nor denies the following statutes were violated, but acknowledges the applicability of the same:

- K.S.A. 40-2215 – No individual policy of accident and sickness insurance shall be issued or delivered to any person in this state nor shall any application, rider or endorsement be used in connection therewith, until a copy of the form thereof and of the classification of risks and the premium rates pertaining thereto, have been filed with the commissioner of insurance.
 - K.S.A. 40-2,125 – If the commissioner determines, after notice and opportunity for a hearing, that any person 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:
 - i. Payment of a monetary penalty of not more than \$1,000 for each and every act or violation;
 - ii. Suspension or revocation of the person's license or certificate if such person knew or reasonably should have known that such person was in violation of the Kansas insurance statutes or any rule and regulation or order thereunder; or
 - iii. That such person cease and desist from the unlawful act or practice and take such affirmative action as in the judgement of the commissioner will carry out the purposes of the violated or potentially violated provision.
6. Medica agrees to pay the monetary penalty listed below. Payment is due within thirty (30) days after the effective date of this Consent Order.
- Monetary Penalty: \$5,000
7. Medica has read and understands this Consent Order. Medica further understands it has the right to retain counsel of its choice and have counsel review this Consent Order. Medica agrees to the entry of this order as a final order without need for a hearing under the Kansas Administrative Procedures Act.
8. Medica agrees if the company fails to comply with the terms of this Consent Order, the Commissioner may take action to gain compliance with the Consent Order including, but not limited to, issuing ancillary orders and suspending the company's license until it has complied.

9. Medica waives any and all causes of action, claims or rights, known and unknown, which each may have against the Department, and any employees, agents, consultants, contractors, or officials of the Department, in their individual and official capacities, as a result of any acts or omissions on the part of such persons or firms.
10. Medica agrees to be served a copy of this fully executed Consent Order electronically or by regular U.S. Mail.
11. Medica acknowledges this Consent Order may be published on the website of the Kansas Department of Insurance. Medica understands and acknowledges this Consent Order is a public document pursuant to the Kansas Open Records Act, K.S.A. 45-215 *et seq.*

The undersigned stipulates and agrees to the above findings, facts, and conclusions of law and waives their rights to an administrative hearing and judicial review of the Commissioner's Order. The undersigned also affirms they are authorized to enter into this consent agreement and final order on behalf of the below-named company.

Alicia Reuter

Company Representative Name (Print)

SVP & Chief Legal Officer
Title

401 Carlson Parkway, Minnetonka, MN 55305

Street Address

Alicia Reuter
Company Representative Name Signature

10/14/2025
Date

ORDER

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. Medica Insurance Company shall pay a monetary penalty of \$5,000.
2. The monetary penalty of \$5,000 shall be paid in full within 30 days of the effective date of this Order. Failure to pay will result in the issuance of such further action or orders as the Commissioner deems necessary.
3. This Order shall take effect when signed by all parties and the Commissioner or the Commissioner's designee and filed of record with the Kansas Department of Insurance.

**IT IS SO ORDERED THIS 14TH DAY OF OCTOBER, IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.**



VICKI SCHMIDT
COMMISSIONER OF INSURANCE

BY: Isaac Henson
Isaac Henson
Attorney

Certificate of Service

The undersigned hereby certifies that she served the above and foregoing Consent Agreement and Final Order on this 14th day of October, 2025 by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Medica Insurance Company
401 Carlson Parkway
Minnetonka, MN 55305

and was provided via electronic mail to:

Lori Braegelman, Director, Records and Information Management, Law
Department, lori.braegelman@medica.com



Toni Garrard
Legal Assistant