

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

IN THE MATTER OF THE)
CERTIFICATE OF)
GREENBUSH HEALTH INSURANCE GROUP)

Docket No. 2675-CO

AGREED ORDER OF SUPERVISION AND SUSPENSION

Kathleen Sebelius, the duly elected, qualified and acting Commissioner of Insurance of the State of Kansas (hereinafter "Commissioner") and Greenbush Health Insurance Group (hereinafter "Greenbush") hereby agree to enter into this Order pursuant to KSA 12-2620(b) which authorizes the Commissioner of Insurance to suspend or revoke a certificate of authority granted pursuant to K.S.A. 12-2618, to examine pursuant to K.S.A. 12-2620(b), and to advise pursuant to K.S.A. 12-2629.

The Commissioner hereby makes the following findings of fact, conclusions of law and orders; and Greenbush hereby stipulates to the following findings of fact and agrees to the orders and supervision of the Commissioner.

JURISDICTION

1. Greenbush was certificated by the Commissioner of Insurance of Kansas to operate as a Kansas municipal group-funded pool in the State of Kansas on October 1, 1996, having met the statutory requirements of K.S.A. 12-2616 et seq, and is subject to the jurisdiction of the Commissioner as provided by K.S.A. 12-2620, K.S.A. 40-222b and the Kansas Administrative Procedures Act, K.S.A. 77-501 et seq.

2. The Commissioner has jurisdiction over the subject matter of this proceeding and over the operation of Greenbush for the purpose of granting a certificate to operate, examining the financial condition of the self-funded pool, advising and counseling local governments in its operation, and suspending or revoking Greenbush's certificate of authority in accordance with K.S.A. 12-2620.

3. Upon the advice of KID staff and the consent of Greenbush's Administrator and Trustees, and pursuant to K.S.A. 12-2620 the Commissioner finds the following:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

4. Greenbush is a self-funded health insurance pool created and certificated pursuant to K.S.A. 12-2616 et seq. with its registered office at 947 West 57 Highway, P.O. Box 127, Girard, Kansas 66743.

5. John Beran is employed and acting as plan administrator of Greenbush.

6. The Trustees have contracted with Harden & Company Insurance Services, a California TPA licensed to do business in Kansas, to process claims.

7. The members of Greenbush are school districts located in the State of Kansas which members, through appointed or elected Trustees, operate and have control of the assets and procedures of Greenbush.

8. On August 7, 1998 the Trustees of Greenbush voted to terminate the Pool and the Plan as of September 30, 1998. A copy of the resolution titled " Resolution authorizing Termination of the Self Funded Sickness and Accident Health Benefit Pool" is attached to this order as "Exhibit A".

9. Greenbush, through its Trustees and Administrator, consents to supervision of the run-off of the claims and other obligations of the pool toward the end that all its administrative and claim responsibilities under the statutes, by-laws and terms and conditions of its various health benefit plans are paid, its assets and receivables be collected, conserved and distributed pursuant to K.S.A. 40-422b, and the priorities set forth in K.S.A. 40-3641. Funds remaining after all debts, administration costs and claims are paid shall be distributed according to the by-laws of the pool.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE AND AGREED TO BY GREENBUSH, ITS TRUSTEES AND ADMINISTRATOR, AS FOLLOWS:

10. The Commissioner hereby appoints Don Gaskill, Supervisor of Financial Surveillance Division and Chief Examiner of the Kansas Insurance Department, as supervisor of the run-off of claims and other affairs of Greenbush pursuant to this order and practices consistent with prudent management of a health insurer.

11. As of the date of this order, Greenbush shall be required to do the following:

a. Exercise its rights under the terms of its existing and previous stop-loss insurance agreements;

b. Keep all of its current stop-loss agreements in force and make all efforts necessary to collect any claims due under those policies;

c. Comply with all of the provisions of the Kansas municipal group-funded pool act, K.S.A. 12-2616; et seq.

d. Submit information for the approval of the Commissioner or her appointed supervisor concerning operations and administration of Greenbush

e. Greenbush will be responsible for the reasonable expenses, fees, costs, compensation and other remuneration of the Supervisor and other professionals and service providers selected and engaged by the Commissioner or Supervisor to perform duties with respect to Greenbush;

f. Provide the Commissioner and her appointed Supervisor with access to all non-privileged records of Greenbush. Excluded are litigation related files, and other documents protected by the attorney-client and attorney work product privilege.

12. Greenbush shall not do any of the following during the period of supervision without prior approval of the Commissioner or Supervisor:

a. dispose of, convey or encumber any of its assets or its business in force;

b. withdraw from any of its bank accounts except to pay claims of insureds and pay the pool's ordinary costs of doing business such as salaries, rent, TPA and attorney fees, etc.

c. lend any of its funds;

d. invest any of its funds, except that deposits in the interest bearing checking accounts at FDIC insured banks will not be considered investments;

e. transfer any of its property;

f. incur any debt, obligation or liability;

g. merge or consolidate with any other pool or health benefit entity;

h. enter into any new stop-loss or insurance policy

i. enter into any new agreements or renew existing agreements with outside parties, which includes, but is not limited to, consultants, actuaries and certified public accounting firms.

j. make any material change in management or administrator;

k. pay extraordinary salaries or benefits or bonuses or other compensation to officers, directors, other employees or independent contractors;

l. transfer any of its assets to officers, directors, employees or independent contractors; and

m. commence any legal action.

13. Greenbush 's Trustees, officers, administrators, agents and employees are required to cooperate with the Commissioner and Supervisor;

14. Greenbush may request the Commissioner to modify the provisions of this consent order or to review any action taken or proposed to be taken by the Supervisor

at any time by a written request demonstrating the conditions which warrant the modification of this order or specifying whether the action complained of is believed not to be in the best interests of Greenbush

15. The Commissioner retains jurisdiction over this matter and over Greenbush for the purpose of entering into any further orders as may be deemed proper and necessary.

16. Greenbush's certificate to operate as a group self-funded municipal pool pursuant to K.S.A. 12-2616 et seq. is suspended beginning September 30, 1998 the last day of the plan year and shall remain suspended until further action of the Commissioner.

17. Greenbush understands it is entitled to a hearing on this order of supervision and suspension pursuant to K.S.A. 77-537 of the Kansas Administrative Procedures Act, and Greenbush waives such hearing.

IT IS SO ORDERED THIS 28th DAY OF JANUARY 1999, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.

KATHLEEN SEBELIUS
Commissioner of Insurance

By /S/
Robert L. Kennedy, Jr.
Assistant Commissioner

Approved as to form and content:

/S/
Margaret A. Gatewood, 07754
General Counsel, Kansas Insurance Department



**THIS ORDER OF ADMINISTRATIVE SUPERVISION AND SUSPENSION OF
CERTIFICATE IS CONSENTED AND AGREED TO BY THE GREENBUSH HEALTH
INSURANCE GROUP.**

/S/
John Beran Administrator
947 West 57 Highway P.O. Box 127
Girard, Kansas 66743

/S/
Chair, Greenbush Board of Trustees

/S/
Secretary,
Greenbush Board of Trustees

Approved as to form and content:
