



THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

BILL NELSON

NOTICE TO AGENT OR BROKER -- FEBRUARY 11, 2000

REGARDING SUNSTAR HEALTH PLAN, INC.

SunStar Health Plan, Inc., was a Florida health maintenance organization which provided health care coverage to approximately 80,000 subscribers. On February 1, 2000, SunStar Health Plan, Inc., (herein referred to as "SunStar") was adjudicated insolvent and placed in receivership for purposes of liquidation by the Second Judicial Circuit Court (the "Court") in Tallahassee, Florida. The Florida Department of Insurance is the court appointed Receiver of SunStar. A copy of the liquidation order is available from the Receiver upon written request to the address provided at the end of this notice. Further information regarding the receivership is available through the Florida Department of Insurance website at www.doi.state.fl.us and also at www.sunstarhmo.com.

SunStar's records indicate that you were an agent or broker for SunStar. The former subscribers of SunStar will have many questions and certain responsibilities that are, at least in part, a result of the liquidation. As you are an agent of record, the Florida Department of Insurance expects your assistance in responding to the issues raised by the subscribers. The Receiver will send a notice to each of the SunStar subscribers regarding the SunStar insolvency and receivership procedure. As agent for SunStar, however, you are also expected to notify the subscribers of the insolvency pursuant to Section 631.341, Florida Statutes. A copy of Section 631.341, Florida Statutes, is enclosed for your benefit. There is currently no prohibition on moving your book of business from SunStar to another HMO at this time.

SUBSCRIBER ISSUES:

HMOCAP COVERAGE: Commercial subscribers of SunStar will receive continued health care coverage through the Florida Health Maintenance Organization Consumer Assistance Plan (the "HMOCAP") in accordance with the provisions of Part IV, Chapter 631, Florida Statutes. All claims for medical services provided to these subscribers on and after the insolvency date of February 1, 2000 are the responsibility of the HMOCAP. The primary goal of the HMOCAP is to secure replacement health care coverage for commercial subscribers of an insolvent health maintenance organization such as SunStar. The HMOCAP is undertaking efforts to facilitate such replacement coverage now in accordance with its statutory duties. A letter from the HMOCAP addressing the method for obtaining replacement coverage is enclosed. **PLEASE READ THE HMOCAP LETTER CLOSELY, PARTICULARLY AS IT RELATES TO THE OPEN ENROLLMENT PERIOD OF FEBRUARY 16, 2000 TO MARCH 1, 2000. SUNSTAR SUBSCRIBERS WILL HAVE SOME IMPORTANT CHOICES WHICH NEED TO BE MADE DURING THIS PERIOD REGARDING THEIR HEALTH CARE COVERAGE AND MAY REQUIRE YOUR ASSISTANCE.**

HMOCAP Coverage Limits: The HMOCAP basically continues health care coverage to each eligible subscriber for a maximum of 6 months or \$300,000 (per individual), whichever comes first. The HMOCAP is required to provide continued health care coverage to SunStar subscribers through July 31, 2000 and has chosen to do so through the Open Enrollment process described in the enclosed HMOCAP letter. Coverage through the HMOCAP may not be terminated prior to

July 31, 2000, except for the following reasons: nonpayment of premiums, attainment of Medicare or Medicaid eligibility, nonresidency in the service area, abusive and disruptive behavior, fraud, or termination of eligibility.

Until further notice, subscribers should continue to use the existing SunStar medical provider network. The HMOCAP will use Administrative Services, Inc. ("ASI") to administer benefits. The Receiver understands that the HMOCAP will pay medical providers for services rendered to the SunStar subscribers on and after February 1, 2000, under the terms of the providers' contracts with SunStar. The HMOCAP has additionally informed us that all medical authorizations issued to or for these subscribers prior to February 1, 2000 will be honored.

The HMOCAP or its representatives may send additional information on these matters in the near future. Note: The Community Health Purchasing Alliance ("CHPA"), may also soon send letters to CHPA subscribers regarding additional options these subscribers may have through their CHPA membership. SunStar subscribers enrolled through CHPA may also contact their CHPA agent or local CHPA office about these options.

PAYMENT OF PREMIUMS: IMPORTANT – SUBSCRIBERS MUST CONTINUE TO PAY PREMIUMS IN ORDER TO REMAIN ELIGIBLE FOR COVERAGE. FEBRUARY PREMIUMS SHOULD BE PAID TO SUNSTAR AS USUAL. The HMOCAP will contact subscribers directly regarding the payment of March premiums. However, subscribers who were enrolled in SunStar through CHPA, should request that their employer continue to send any premium due to CHPA as usual.

Until further notice, any additional questions regarding medical services provided to SunStar's subscribers on and after February 1, 2000, should be directed to the following address and phone numbers:

**SunStar Health Plan, Inc. - in Receivership
Claims Department
300 International Parkway, Suite 230
Heathrow, Florida 32746**

**For Pre-authorization & Utilization Review – call (888) 339-4997
For Customer Service – call (888) 339-4997 or (800) 375-0755**

YOU MAY HAVE EXPERIENCED DIFFICULTY IN REACHING SUNSTAR THE FIRST FEW DAYS FOLLOWING THE LIQUIDATION. ALTHOUGH WE BELIEVE WE HAVE CORRECTED THESE PROBLEMS, SOME BRIEF DELAYS MAY STILL OCCUR WHILE WE STRIVE TO ASSIST SUNSTAR MEMBERS WITH QUESTIONS. WE APPRECIATE YOUR CONTINUED PATIENCE.

RETURN PREMIUMS: The Receiver will send out Proof of Claim Forms to those subscribers who may be due a return premium. Please refer to the section below which is entitled "Proof of Claim Forms and Receivership Procedure" for information on how to file a claim in the SunStar receivership and the receivership process.

APPLICATIONS FOR COVERAGE: Any and all applications for SunStar coverage received on or after the February 1, 2000 liquidation date will be returned to the relevant applicant or broker. Applications which were received prior to the liquidation date and their accompanying checks will also be returned to the relevant applicant or broker if the checks were not deposited.

Such applicants will not have health care coverage through the HMOCAP. However, potential subscribers whose applications were received prior to the liquidation date and whose accompanying checks were deposited by SunStar prior to February 1, 2000, will be covered by the HMOCAP provided that they meet all other HMOCAP eligibility requirements, including the timely remittance of any premiums which may be due.

COLLECTIONS FROM MEDICAL PROVIDERS: Under Section 641.315, Florida Statutes, subscribers to a health maintenance organization are not liable to any provider of health care services for any services covered by the health maintenance organization. Additionally, health care providers and their representatives are prohibited from attempting to collect payment from the health maintenance organization subscribers for such services. Subscribers who are contacted by a health care provider for such payment should inform the provider of this law. They may also want to send a letter regarding the problem, with a copy of any bills they receive from such providers, to the Receiver or contact the Receiver at (800) 882-3054. Although the Receiver cannot represent the subscribers against the provider, the Receiver can assist in informing the provider of the relevant laws.

GENERAL ISSUES:

PROOF OF CLAIM FORMS AND RECEIVERSHIP PROCEDURE: Claims for services or goods provided prior to the February 1, 2000 liquidation of SunStar must be filed with the Receiver on the Receiver's Proof of Claim Form in order to be considered for payment. The Receiver will send out Proof of Claim Forms to all known subscribers, medical providers, and other creditors of SunStar. The deadline for filing claims in the SunStar receivership proceeding is 11:59 p.m. on Friday, February 2, 2001. If your clients and/or you do not receive a Proof of Claim Form by July, 2000, please write to the Receiver and ask for one.

The procedure for the filing and evaluation of claims in a receivership is set out in Part I, Chapter 631, Florida Statutes. Assuming there are sufficient assets in the receivership, the Receiver will evaluate claims in order of their priority as set out in Section 631.271, Florida Statutes. This statute establishes a system of priorities in paying claims. When the evaluation process has been completed, the Receiver will file a report with the Court setting out our recommendations as to the amounts, if any, which should be allowed on each of the claims evaluated. Notice of the Receiver's recommendations and the deadline for filing any objections to the recommendations will then be provided to the claimants. It is unlikely that claimants will receive any correspondence or other communication from the Receiver until that time, unless the Receiver has questions regarding the claim which has been filed. This is because the Receiver is trying to minimize the claims' processing costs in order to maximize potential distribution to the claimants.

During the claims evaluation period, the Receiver also commences litigation and/or takes whatever other action is necessary to collect and maximize the assets of the receivership estate. Please note: it may be several years before distributions, if any, are made in this receivership. Distributions of assets are made on a pro rata basis in accordance with the priority of claims which is set out in Section 631.271, Florida Statutes. Those whose claims fall into lower priorities are paid only if there is money left after paying the higher priority claims. **It is too early in the receivership process for the Receiver to provide any estimate as to the timing and/or the pro rata percentage of the distributions, if any, which may be made in this receivership.**

COMMISSIONS: Claims for commissions owed by SunStar prior to the February 1, 2000 liquidation should be filed with the Receiver in accordance with the claims procedure described

above. The HMOCAP has informed the Receiver that it will not pay agents' commissions regarding the subscribers who continue to receive health care coverage through the HMOCAP on and after February 1, 2000. It is unknown at this time if the health maintenance organizations providing replacement health care coverage to the SunStar subscribers will agree to pay agents' commissions.

COLLECTED PREMIUMS AND UNEARNED COMMISSIONS: Paragraph H on page 8 of the liquidation order requires that premiums and unearned commissions be sent to the Receiver within 30 days of demand and that no agent, broker, premium finance company or other person shall use premium monies owed to SunStar for any purpose other than payment to the Receiver. Any premiums you have collected on behalf of SunStar should be immediately remitted to SunStar as usual. Unearned commissions should be remitted to the Receiver.

Please direct such payments and inquiries to the Receiver at:

**SUNSTAR HEALTH PLAN, INC.
Florida Department of Insurance, Receiver
Post Office Box 10280
Tallahassee, Florida 32302**

**phone:(800) 882-3054
fax: (850) 922-9115
email: claims@doi.state.fl.us**

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631.341 Notice of insolvency to policyholders by insurer, general agent, or agent.—

(1) The receiver shall, immediately after appointment in any delinquency proceeding against an insurer in which the policies have been canceled, give written notice of such proceeding to each general agent and licensed agent of the insurer in this state. Each general agent and licensed agent of the insurer in this state shall forthwith give written notice of such proceeding to all subagents, producing agents, brokers, solicitors, and service representatives writing business through such general agent or licensed agent, whether or not such subagents, producing agents, brokers, solicitors, and servicing representatives are licensed or permitted by the insurer and whether or not they are operating under a written agency contract.

(2) Unless, within 15 days subsequent to the date of such notice, all agents referred to in subsection (1) have either replaced or reinsured in a solvent authorized insurer the insurance coverages placed by or through such agent in the delinquent insurer, such agents shall then, by registered or certified mail, send to the last known address of any policyholder a written notice of the insolvency of the delinquent insurer.

(3) The license, permit, or certificate of authority of any person, firm, or corporation which fails to comply with the provisions of this section is subject to revocation as otherwise provided by law.

(4) If such person, firm, or corporation is not licensed or permitted or the holder of a certificate of authority under any section of this code, such person, firm, or corporation, or the officers and directors thereof, are, upon failure to comply with the provisions of this section, guilty of a misdemeanor of the first degree, punishable as provided in ss. 775.082 or by a fine of not more than \$5,000.

History.—

s. 750, ch. 59-205; s. 15, ch. 70-27; s. 809(1st), ch. 82-243; s. 24, ch. 83-38; ss. 187, 188, ch. 91-108; s. 4, ch. 91-429.

IMPORTANT NOTICE REGARDING PAYMENT TO FORMER SUNSTAR HEALTH PLAN, INC. AGENTS/BROKERS

February 10, 2000

Attention Former SunStar Agents/Brokers:

On February 1, 2000, SunStar Health Plan, Inc., a Florida HMO, was adjudicated insolvent and placed in receivership to be liquidated. Former SunStar members are provided with continued health care coverage on and after February 1, 2000, through the Florida Health Maintenance Organization Consumer Assistance Plan ("HMOCAP"). The HMOCAP is created by Florida statutes. Its primary purpose is to provide short-term replacement health care coverage for the commercial members of an insolvent HMO.

So long as they remain eligible, from February 1, 2000, through the date coverage is obtained elsewhere, former SunStar contract holders will continue to be covered under the terms of their SunStar plan and their health care providers will be paid by the HMOCAP. During this period, the contract holder's coverage will remain unchanged and they will pay the approved SunStar rates. Premiums due for coverage through and including February, 2000 must be paid by February 20th and should be sent to the normal SunStar payment address. The contract holders' March bill will direct them where to send March premiums, if the address is different.

Through the HMOCAP, active former SunStar contract holders are eligible to join any approved HMO in their service area through an open enrollment process. **This open enrollment period will begin on February 16th and will last through March 1, 2000.** Please visit the Department of Insurance web site at www.doi.state.fl.us, or call the Department of Insurance at (800) 342-2762 for information on HMOs that may be available in your clients' areas. **If appropriate HMO coverage is available in your client's geographic area, and your client does not select coverage, your client probably will not be eligible for continued coverage through the HMOCAP after April 1, 2000.**

Please note that the HMOCAP will not pay agents' commissions regarding the subscribers who continue to receive health care coverage through the HMOCAP on and after February 1, 2000. The HMOs providing replacement coverage to the SunStar subscribers through the open enrollment process will pay commissions in accordance with their normal business practices.

If you have questions concerning payment for services received before February 1, 2000, please call the Florida Department of Insurance, as Receiver, at 800/882-3054.

If you have questions concerning authorization for services or payment for services rendered between February 1, 2000, and the effective date of your client's new coverage, please call the HMOCAP's administrator at SunStar. The telephone numbers are 888/339-4997 and 407/304-1066.

Thank you in advance for your cooperation.

Ronald J. Berding
Chairman
Florida Health Maintenance Organization
Consumer Assistance Plan