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F I L E D

FEB 17 2010

DEPARTMENT OF MANAGED HEALTH CARE
By *Lue Ball*
Filing Clerk

8 Attorneys for Complainant

9 BEFORE THE DEPARTMENT OF MANAGED HEALTH CARE
10 OF THE STATE OF CALIFORNIA

11 **IN THE MATTER OF:**

Enforcement Matter No.: 08-474

12
13 **Elite Healthcare, Republic Healthcare, Easy
Life Healthcare, Global Healthcare, and
14 Michael Jay Ellman,**

CEASE AND DESIST ORDER

15
16 **Respondents.**

**(Health and Safety Code sections 1349,
1360, 1386, 1391, and 1395; and California
Code of Regulations, title 28, sections
1300.67.4(a)(3)(A) and 1300.68(a))**

18
19 **To: Elite Healthcare
3220 S. Fair Lane, Suite 12
20 Tempe, AZ 85282**

**Republic Healthcare
3220 S. Fair Lane, Suite 12
Tempe, AZ 85282**

21 **Easy Life Healthcare
22 3220 S. Fair Lane, Suite 12
23 Tempe, AZ 85282**

**Global Healthcare
3220 S. Fair Lane, Suite 12
Tempe, AZ 85282**

24 **Michael Jay Ellman**
25 

26
27 The Director of the Department of Managed Health Care, by and through her designee, Assistant
28 Deputy Director, Amy L. Dobberteen, after investigation, determines as follows:

1 I.

2 INTRODUCTORY STATEMENT

3 1. California Health and Safety Code, section 1349 requires certain entities arranging for
4 health care services to first obtain a license from the California Department of Managed Health Care.
5 Respondents are acting as health care service plans, arranging for the provision of health care services,
6 and accepting periodic payments. Accordingly, they are operating as health care service plans as
7 defined in Health and Safety Code, section 1345(f)(1), and are required to be licensed under the Knox-
8 Keene Health Care Service Plan Act of 1975 (Knox-Keene Act). Respondents' failure to obtain licenses
9 subjects them to the enforcement powers of the Department of Managed Health Care.

10 2. In violation of California law, the unincorporated entities set forth below are soliciting
11 California residents for purposes of selling health care services without a license, misleading California
12 consumers and misrepresenting their products. Respondents verbally purport to provide health
13 insurance during the solicitation process; however, after members receive their enrollment documents,
14 they discover that Respondents' products are discount health plans, and not the insurance product they
15 were promised. While Respondents' websites and enrollment documents claim to provide networks of
16 800,000 to 900,000 providers who offers discounts on health care services, members report being unable
17 to locate providers who would honor any discounts, rendering the benefits illusory. Moreover,
18 Respondents make it difficult for members to cancel their memberships and obtain refunds, contrary to
19 Respondents' promise of a 30-day money back guarantee, indicative of an inadequate grievance process,
20 and in addition to all of the above, an unfair business practice.

21 3. Therefore, the Department of Managed Health Care, by the Order below, hereby directs
22 Respondents to cease and desist from any further unauthorized, deceptive and unlawful activity in the
23 State of California.

24 II.

25 PARTIES

26 4. **ELITE HEALTHCARE** is an unincorporated entity doing business in California. It is
27 believed that **ELITE HEALTHCARE**'s principal place of business is located at 3220 S. Fair Lane,
28

1 Suite 12, Tempe, AZ 85282. **ELITE HEALTHCARE** is a health care service plan, as defined in
2 Health and Safety Code, section 1345(f)(1), and is required to obtain a license.

3 5. **REPUBLIC HEALTHCARE** is an unincorporated entity doing business in California.
4 It is believed that **REPUBLIC HEALTHCARE**'s principal place of business is also located at 3220 S.
5 Fair Lane, Suite 12, Tempe, AZ 85282. **REPUBLIC HEALTHCARE** is a health care service plan, as
6 defined in Health and Safety Code, section 1345(f)(1), and is required to obtain a license.

7 6. **EASY LIFE HEALTHCARE** is an unincorporated entity doing business in California.
8 It is believed that **EASY LIFE HEALTHCARE**'s principal place of business is also located at 3220 S.
9 Fair Lane, Suite 12, Tempe, AZ 85282. **EASY LIFE HEALTHCARE** is a health care service plan, as
10 defined in Health and Safety Code, section 1345(f)(1), and is required to obtain a license.

11 7. **GLOBAL HEALTHCARE** is an unincorporated entity doing business in California. It
12 is believed that **GLOBAL HEALTHCARE**'s principal place of business is also located at 3220 S. Fair
13 Lane, Suite 12, Tempe, AZ 85282. **GLOBAL HEALTHCARE** is a health care service plan, as defined
14 in Health and Safety Code, section 1345(f)(1), and is required to obtain a license.

15 8. **MICHAEL JAY ELLMAN** is an individual residing in Orange County, California.
16 **MICHAEL JAY ELLMAN** is listed as the sole manager/member of HealthcareOne LLC, an Arizona
17 limited liability corporation doing business in California. HealthcareOne LLC's principal place of
18 business is located at 3220 S. Fair Lane, Suite 12, Tempe, AZ 85282, the same address as all of the
19 unincorporated entities listed herein. Based on information and belief, **MICHAEL JAY ELLMAN** is
20 an owner or member of the unincorporated entities named in this Order.

21 9. All of the Respondents named in this Order, while operating out of the same principal
22 place of business in Tempe, Arizona, are engaging in common deceptive advertising and solicitation
23 practices, providing illusory benefits, and conducting identical unfair business practices, all in
24 California, demonstrating that they are affiliated or acting in concert. Moreover, Respondents' websites,
25 enrollment documents, and sales practices are substantially similar, further evidencing that they are
26 engaging in a common practice.

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III.

STATUTORY AUTHORITY

10. The Director of the Department of Managed Health Care is vested with the responsibility to administer and enforce the Knox-Keene Health Care Service Plan Act of 1975 (Knox-Keene Act, Health and Safety Code section 1340, *et seq.*) The intent and purpose of the Knox-Keene Act is to promote the delivery and quality of health and medical care to the people of California who enroll in a health care service plan by, among other things: "Prosecuting malefactors who make fraudulent solicitations or who use deceptive methods, misrepresentations, or practices, which are inimical to the general purpose of enabling a rational choice for the consumer public." (Health and Safety Code, sections 1341 and 1342(c).)

11. Health and Safety Code, section 1345(f)(1) defines a health care service to mean:

Any person who undertakes to arrange for the provision of health care services to subscribers or enrollees or to reimburse any part of the cost for those services, in return for a prepaid or periodic charge paid by or on behalf of the subscribers or enrollees.

12. The Legislature has plainly evidenced its intent as to the application of the Knox-Keene Act in Health and Safety Code, section 1399.5, which provides (in part):

It is the intent of the Legislature that the provisions of this chapter shall be applicable to any private or public entity or political subdivision, which, in return for a prepaid or periodic charge paid by or on behalf of a subscriber or enrollee, provides, administers or otherwise arranges for the provision of health care services....

13. Any person conducting business as a health care service plan is required to have a license under the Knox-Keene Act pursuant to Health and Safety Code, section 1349, which provides:

It is unlawful for any person to engage in business as a plan in this state or to receive advance or periodic consideration in connection with a plan from or on behalf of persons in this state unless such person has first secured from the director a license, then in effect, as a plan or unless such person is exempted by

1 the provisions of Section 1343 or a rule adopted hereunder. A person licensed
2 pursuant to this chapter need not be licensed pursuant to the Insurance Code to
3 operate a health care service plan or specialized health care service plan unless
4 the plan is operated by an insurer, in which case the insurer shall also be
5 licensed by the Insurance Commissioner.

6 14. Untrue and misleading advertising and solicitation, both by affirmative misstatement and
7 by omission of important information, are prohibited by Health and Safety Code, section 1360, which
8 provides:

9 (a) No plan, solicitor, solicitor firm, or representative shall use or permit the
10 use of any advertising or solicitation which is untrue or misleading, or any
11 form of evidence of coverage which is deceptive. For purposes of this
12 article:

13 1. A written or printed statement or item of information shall be
14 deemed untrue if it does not conform to fact in any respect, which is,
15 or may be significant to an enrollee or subscriber, or potential enrollee
16 or subscriber in a plan.

17 2. A written or printed statement or item of information shall be
18 deemed misleading whether or not it may be literally true, if, in the
19 total context in which the statement is made or such item of
20 information is communicated, such statement or item of information
21 may be understood by a person not possessing special knowledge
22 regarding health care coverage, as indicating any benefit or
23 advantage, or the absence of any exclusion, limitation, or
24 disadvantage of possible significance to an enrollee, or potential
25 enrollee or subscriber, in a plan, and such is not the case.

26 *****

27 (b) No plan, or solicitor, or representative shall use or permit the use of any
28 verbal statement which is untrue, misleading, or deceptive or make any
representations about coverage offered by the plan or its cost that does not
conform to fact. All verbal statements are to be held to the same standards as
those for printed matter provided in subdivision (a).

15 15. California Code of Regulations, title 28, section 1300.67.4(a)(3)(A) prohibits plans from
16 offering illusory benefits. It provides: "A benefit afforded by the contract shall not be subject to any
17 limitation, exclusion, exception, reduction, deductible, or co-payment, which renders the benefit
18 illusory."

1 16. California Code of Regulations, title 28, section 1300.68(a) requires that every health
2 care service plan shall establish a grievance system pursuant to the requirements of section 1368 of
3 the Act.

4 17. Health and Safety Code, section 1386(b)(7) specifically proscribes conduct that
5 constitutes fraud or dishonest dealing or unfair competition, as defined by section 17200 of the Business
6 and Professions Code.

7 18. Health and Safety Code, section 1395 further prohibits inexact or misleading price
8 advertising and offers of gifts or bait, as follows:

9
10 ...Any price advertisement shall be exact, without the use of such phrases as
11 "as low as," "and up," "lowest prices" or words or phrases of similar
12 import.... Price advertising shall not be fraudulent, deceitful, or misleading,
13 nor contain any offers of discounts, premiums, gifts, or bait of similar nature.
14 In connection with price advertising, the price for each product or service
15 shall be clearly identifiable.

16 19. The Director is empowered to enforce compliance with this Act by Health and Safety
17 Code, section 1391, subdivision (a)(1), which provides in relevant part:

18 The director may issue an order directing a plan, solicitor firm, or any
19 representative thereof, a solicitor, or any other person to cease and desist
20 from engaging in any act or practice in violation of the provisions of this
21 chapter, any rule adopted pursuant to this chapter, or any order issued by the
22 director pursuant to this chapter.

23 IV.

24 VIOLATIONS OF LAW

25 A. Operating Without a License

26 20. Respondent **ELITE HEALTHCARE** is undertaking to arrange for the provision of
27 health care services¹ to members, either directly or through arrangements with others, in return for a

28 ¹ The health care services provided by all Respondents named in this Order include, but are not limited to, discounted medical, hospital, prescription, dental, hearing, vision, chiropractic, supplements, diabetic supplies, podiatry, 24/7 nurse hotline, and online doctor hotline.

1 periodic charge paid by the members within the meaning of Health and Safety Code, section 1345(f)(1),
2 (as construed by *In the Matter of the Cease and Desist Order Issued to The Capella Group, Inc., d/b/a*
3 *Care Entrée*, DMHC No. 04-312, Precedential Decision, adopted September 26, 2006). Additionally,
4 Respondents are providing, administering or otherwise arranging for the provision of health care
5 services within the meaning of Health and Safety Code, section 1399.5. Respondent's websites provide
6 that the Elite Healthcare Health Program costs \$79.95 per month, plus a one time processing fee of
7 \$95.00; the Dental Program costs \$39.95 per month, plus a one time processing fee of \$50.00; and the
8 Ultra Program costs \$99.95 per month, plus a one time processing fee of \$95.00. Respondent also
9 arranges for a "24-hour Nurse Hotline" and "Online Doctor Hotline." Respondent therefore is engaging
10 in business as a health care service plan in this state and receiving advance and periodic consideration
11 from or on behalf of persons in this state, without having first secured a license from the Director. This
12 conduct violates Health and Safety Code, section 1349.

13 21. Respondent **REPUBLIC HEALTHCARE** is similarly undertaking to arrange for the
14 provision of health care services to members, either directly or through arrangements with others, in
15 return for a periodic charge paid by the members within the meaning of Health and Safety Code, section
16 1345(f)(1). Additionally, Respondents are providing, administering or otherwise arranging for the
17 provision of health care services within the meaning of Health and Safety Code, section 1399.5.
18 Respondent's website provides that the Republic Healthcare plan costs \$99.95 per month, plus
19 processing fee. Respondent also arranges for a "24-hour Nurse Hotline" and "Online Doctor Hotline."
20 Respondent therefore is engaging in business as a health care service plan in this state and receiving
21 advance and periodic consideration from or on behalf of persons in this state, without having first
22 secured a license from the Director. This conduct violates Health and Safety Code, section 1349.

23 22. Respondent **EASY LIFE HEALTHCARE** is also undertaking to arrange for the
24 provision of health care services to members, either directly or through arrangements with others, in
25 return for a periodic charge paid by the members within the meaning of Health and Safety Code, section
26 1345(f)(1). Additionally, Respondents are providing, administering or otherwise arranging for the
27 provision of health care services within the meaning of Health and Safety Code, section 1399.5.
28 Respondent's website provides that the Easy Life Healthcare plan costs \$99.95 per month, plus

1 processing fee. Respondent also arranges for a “24-hour Nurse Hotline” and “Online Doctor Hotline.”
2 Respondent therefore is engaging in business as a health care service plan in this state and receiving
3 advance and periodic consideration from or on behalf of persons in this state, without having first
4 secured a license from the Director. This conduct violates Health and Safety Code section 1349.

5 23. Respondent **GLOBAL HEALTHCARE** is similarly undertaking to arrange for the
6 provision of health care services to members, either directly or through arrangements with others, in
7 return for a periodic charge paid by the members within the meaning of Health and Safety Code, section
8 1345(f)(1). Additionally, Respondents are providing, administering or otherwise arranging for the
9 provision of health care services within the meaning of Health and Safety Code, section 1399.5.
10 Respondent’s websites provide that the Global Healthcare plan costs \$79.95 or \$99.95 per month, plus
11 processing fee. Respondent also arranges for a “24-hour Nurse Hotline” and “Online Doctor Hotline.”
12 Respondent therefore is engaging in business as a health care service plan in this state and receiving
13 advance and periodic consideration from or on behalf of persons in this state, without having first
14 secured a license from the Director. This conduct violates Health and Safety Code section 1349.

15 24. **THEREFORE**, the Department of Managed Health Care hereby directs Respondents to
16 obtain Knox-Keene Act licenses, and to cease and desist from any further unlicensed and/or illegal
17 activity in the State of California, directly or indirectly through affiliated entities, as set forth below.
18

19 **B. Misleading Advertising and Solicitation With Regard to**
20 **Nature of Product or Services**

21 25. Respondents’ advertising and solicitation practices are misleading by using language that
22 is generally associated with insurance coverage, such as set forth specifically, but without limitation,
23 below, and terminology that is likely to mislead consumers. These practices are in violation of Health
24 and Safety Code, sections 1360(a)(1)(2) and (b), California Code of Regulations, title 28, section
25 1300.67.4(a)(3)(A), and Respondents’ practices described herein constitute fraud, or dishonest dealing,
26 or unfair competition, as defined by section 17200 of the Business and Professions Code, in violation of
27 Health and Safety Code, section 1386(b)(7).
28

1 26. Respondents, in their advertising and solicitation practice, are using similar terms which
2 are generally associated with insurance coverage and therefore likely to mislead consumers. Through its
3 websites², Respondents are misleading consumers by using language such as:

- 4 a. “100% Guaranteed Acceptance” and “Everyone is Accepted;”
5 b. “Existing Medical Conditions OK” and “No Waiting;”
6 c. Respondents claim that the companies were founded by experts in the healthcare and
7 finance industries...“To instill trust and faith while offering access to healthcare for
8 everyone. With no limits on use...;”
9 d. “A recent poll of healthcare professionals by Modern HealthCare Magazine rated the
10 [Elite/Global/Easy Life] Healthcare health care network as best among competing
11 organizations in the areas of ‘Effective Pricing,’ ‘Added Values,’ ‘Quality’ and ‘Service.’
The doctor treats the patient.”
12 e. “Discounted hospital services may require pre-authorization and proof of ability to pay in
13 order to qualify for discounts.”

14 Moreover, Respondents are using language which is untrue or deceptive, such as there are “Over
15 900,000 healthcare providers to choose from,” which is also in violation of section 1360. Respondents’
16 advertising is misleading, in violation of section 1360, subdivision (b), since in the total context in
17 which the statements are made or communicated, such statements may be understood by a person not
18 possessing special knowledge regarding health care coverage as indicating that the product being offered
19 is health insurance, which is a significant and material fact for any potential enrollee or subscriber in a
20 plan.

21 27. Respondents are also using or permitting the use of verbal statements which are untrue,
22 misleading, or deceptive, by making verbal representations about coverage offered by the plan that does
23 not conform to fact, in violation of section 1360, subdivision (b).

24
25 ² Respondent Elite Healthcare’s Internet websites include, but may not be limited to,
26 www.elitehealthcareinc.com and www.elitefamilyplan.com. Respondent Global Healthcare’s Internet
27 websites include, but may not be limited to, www.myglobalhealthonline.com and www.ghealthcare.net.
28 Respondent Easy Life Healthcare’s Internet website includes, but may not be limited to,
www.easylifehealthcare.com. Respondent Republic Healthcare’s Internet website includes, but may not
be limited to, www.republichealthcare.com. (All of these websites were last accessed January 26,
2010.)

- 1 a. Respondent **ELITE HEALTHCARE** has made untrue, misleading and/or deceptive
2 verbal representations to consumers that do not conform to fact such as, but not limited
3 to:
- 4 i. The plan being sold is major medical / health coverage, when in fact the product
5 being sold is a discount health plan.
- 6 ii. The plan includes “covered” doctor’s visits, hospital stays, etc., which misleads
7 consumers to believe that Respondent’s product is similar to health insurance,
8 when in fact Respondent does not “cover” such services, but rather claims to
9 contract for discounts that its members will receive upon accessing such services.
- 10 iii. Enrolled members would have to pay bills upfront, but would get reimbursed by
11 the plan; when in fact, members do have to pay their bills upfront, but are not
12 reimbursed by the plan.
- 13 b. Respondent **GLOBAL HEALTHCARE** has made untrue, misleading and/or deceptive
14 verbal representations to consumers that do not conform to fact such as, but not limited
15 to:
- 16 i. There are no upfront costs to the member when receiving services, which is
17 untrue because members are in fact obligated to pay the entire bill upfront as a
18 cash-paying customer.
- 19 ii. The plan’s monthly fee covers all aspects of medical coverage, which is
20 misleading, as it suggests that the plan is similar to health insurance, where
21 consumers pay a monthly premium in exchange for guaranteed healthcare
22 services.

23 C. Prohibited Inexact Price Advertising

24 28. Respondent **ELITE HEALTHCARE** advertises “Savings on healthcare 10%-60%” in a
25 box highlighting coverage benefits on its internet home page. In addition to being in violation of section
26 1360 for being misleading and deceptive, Respondent is in violation of section 1395, due to the use of
27 prohibited inexact prices and inconsistent discounts in multiple sections of Respondent’s website,
28 including, but not limited to:

- 29 a. “As an Elite Healthcare member you and your family can save from 5%-60% on a variety
30 of healthcare services every time you use the program.”
- 31 b. On its home page, Respondent advertises “Plus save from 10%-60% on brand and
32 generic prescription drugs at over 60,000 pharmacies nationwide...”, however, on the
33 “Prescription Drugs” page of the website, Respondent claims a savings of only 10%-50%

1 or more at over 59,000 pharmacies nationwide, but on that same page, also indicates
2 “Actual in store savings may exceed 50% on average.”

- 3 c. “Save 30% on hearing evaluations and exams and 5% to 60% on over 200 hearing aid
4 models at over 1,600 locations.”

5 29. Respondent **REPUBLIC HEALTHCARE** advertises “Savings on healthcare 10%-50%”
6 in a box that highlights coverage benefits on its Internet home page. In addition to being in violation of
7 section 1360, Respondent is in violation of section 1395, due to the use of prohibited inexact and
8 inconsistent discounts in multiple sections of Respondent’s website, including, but not limited to:

- 9 a. “As a Republic Healthcare member you and your family can save from 5%-60% on a
10 variety of healthcare services every time you use the program.”
11 b. On the “Prescription Drugs” page of the website, Respondent includes the statement
12 “Actual in store savings may exceed 50% on average.”

13 30. Respondents **EASY LIFE HEALTHCARE** and **GLOBAL HEALTHCARE** advertise
14 “Savings on healthcare 5%-60%” in a box that highlights coverage benefits on their Internet home
15 pages. In addition to being in violation of section 1360, Respondents are in violation of section 1395,
16 due to the use of prohibited inexact and inconsistent discounts in multiple sections of Respondent’s
17 website, including, but not limited to:

- 18 a. “As an [Easy Life / Global] Healthcare member you and your family can save from 5%-
19 60% on a variety of healthcare services every time you use the program.”
20 b. On their “Prescription Drugs” page of their websites, Respondents advertise a savings of
21 10%-50% or more at over 59,000 pharmacies nationwide, but on that same page, also
22 claim that “Actual in store savings may exceed 50% on average.”

23 **D. Illusory Benefits**

24 31. Respondent **REPUBLIC HEALTHCARE** advertises on its Internet website that they
25 have “Over 800,000 healthcare providers to choose from.” However, members report having difficulty
26 locating providers who would provide discounts on services, thus rendering the benefits being offered
27 by Respondents illusory, in violation of California Code of Regulations, Title 28, section
28 1300.67.4(a)(3)(A) and Health and Safety Code, section 1360.

1 **E. Improper Use of Bait and/or Gifts**

2 32. Respondent **REPUBLIC HEALTHCARE** offers a "\$500 Sign-Up Bonus: 5-Year
3 Membership in HealthcareOneRX National Prescription Drug Card" and a "FREE 24-hour Nurse
4 Hotline" on their websites. By doing so, Respondent is using a bait and/or gift to solicit enrollment,
5 which violates Health and Safety Code, section 1395. Respondent also offers "Free 2 Months of
6 Membership w/Annual Membership fee," which also constitutes a bait and/or gift in violation of section
7 1395.

8 33. Respondents **EASY LIFE HEALTHCARE, ELITE HEALTHCARE, and GLOBAL**
9 **HEALTHCARE** offer a "FREE Nationwide Rx discount card" and a "FREE 24-hour Nurse Hotline"
10 on their websites, which are also baits and/or gifts in violation of section 1395.

11 **F. Failure to Maintain Grievance Process**

12 34. After consumers enroll, Respondents do not provide adequate assistance. Many
13 consumers have complained regarding difficulty in cancelling their enrollments, due to the Respondents'
14 conduct, such as:

- 15
- 16 a. Despite the Respondents' promises of money back guarantee on the first month's
17 payment if the member calls within 30-days to cancel, upon attempts to cancel, members
18 were told to submit a request for cancellation in writing.
 - 19 b. Respondents failed to provide enrollment materials to members within the 30-day period
20 in which it allows for an enrollee to cancel their membership in order to receive a refund
21 of the first month's membership fee, therefore making it unfeasible for the member to
22 timely cancel their membership and receive a refund.
 - 23 c. Members reported significant delays in receiving promised refunds from Respondents.

24 35. Respondents also fail to provide adequate assistance to members who attempted to use
25 the discount health plans they purchased. Members who attempted to use the discount cards reported
26 that they were unable to locate providers will to provide the discounts promised by Respondents. This is
27 also indicative of Respondents' failure to maintain a grievance process.
28

1 V.

2 **CEASE AND DESIST ORDER**

3 Based on the foregoing, the Director finds that Respondents have violated Health and Safety
4 Code, sections 1349, 1360(a)(1), (a)(2) and (b), 1386(b)(7), 1395 and California Code of Regulations,
5 title 28, sections 1300.67.4(a)(3)(A) and 1300.68(a).

6 **THEREFORE**, pursuant to Health and Safety Code, section 1391 of the Knox-Keene Act:

7 **IT IS HEREBY ORDERED:**

8 1. That Respondents, and any of their directors, officers, trustees, managers, affiliates,
9 agents, predecessors, and all persons participating with them or acting in concert with them, shall
10 immediately **CEASE AND DESIST FROM:**

- 11 a. Operating in California without a Knox-Keene Act license;
- 12 b. Promoting any further deceptive or misleading advertisements or solicitations to
13 California residents:
- 14 (1) By using language indicating the product being sold is insurance;
- 15 (2) Making claims about the product which are untrue;
- 16 (3) Claiming an inflated number of providers exist who are available to members;
- 17
- 18 c. Disseminating any inexact price advertisements or offering any gifts or bait to
19 induce enrollment by California residents;
- 20 d. Conducting any enrollment activities in California for health care memberships,
21 including, but not limited to, medical, dental, vision, hospitalization, and
22 pharmacy benefits;
- 23 e. Taking, receiving, or forwarding any application for health care memberships
24 from California residents; and
- 25 f. Collecting or receiving, in full or in part, any payments for health care
26 memberships from or on behalf of California residents.

27 2. Respondents shall disclose conspicuously in any advertisement, Internet web page, or
28 solicitation that may reasonably be viewed by residents of the State of California that their health care
membership product is not available in the State of California.

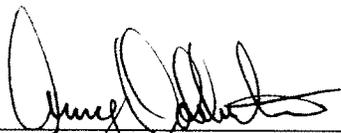
1 3. Respondents shall refund all monies paid by current or former California enrollees or
2 members, including processing fees collected, to any and all demanding enrollees or members who did
3 not use the program, without undue delay. For any requests for refunds submitted after the date of this
4 Order, Respondents shall issue a refund within 30 days of the request.

5 4. Within 30 days of the date of this Order, Respondent shall provide a copy of its
6 membership list to the Department. This list shall include all current and former California members'
7 names, addresses, telephone numbers, identification numbers, dates of membership, amount of monies
8 received from member, and dollar amount (if any) of refunds Respondent has made to members.

9 5. Within 30 days of the date of this Order, Respondent shall provide a copy of this Order
10 and a notice of cancellation of membership to every California enrollee. The notice of cancellation shall
11 inform members that they may contact the Department of Managed Health Care's Help Center if they
12 have any questions at 1-888-466-2219.

13
14 Dated: February 17, 2010

LUCINDA EHNES, Director
Department of Managed Health Care



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18 By: AMY L. DOBBERTEEN
Assistant Deputy Director
19 Department of Managed Health Care
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