

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor



**INSURANCE
ADMINISTRATION**

AL REDMER, JR.
Commissioner

NANCY GRODIN
Deputy Commissioner

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October 16, 2015

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
REGULAR MAIL

Perry Hall Dental Associates, LLC
8647 Belair Road
Baltimore, Maryland 21236

Dr. John N. Stamas, DDS
8647 Belair Road
Baltimore, Maryland 21236

M. Hankin, Esq.
Resident Agent
100 S. Charles Street
Baltimore, Maryland 21201

Re: *Maryland Insurance Administration v. Perry Hall Dental Associates, LLC and
Dr., John N. Stamas, DDS*
Case No.: MIA-2015-10-014

Dear Parties:

The Maryland Insurance Commissioner has entered an Order taking disciplinary action against your company. A copy of the Order is attached and is self-explanatory. This Order is subject to your right to request a hearing as set forth on the last page of the Order.

Please include the above case number on all future correspondence to the administration.

Sincerely,

Melanie Gross
Executive Assistant to the Deputy Commissioner

Enclosure

cc: Al Redmer, Jr., Commissioner
Brenda Wilson, Associate Commissioner
Philip Pierson, Assistant Attorney General
Mary Kwei, Chief, Life and Health Complaints

MARYLAND INSURANCE
ADMINISTRATION

BEFORE THE MARYLAND
INSURANCE COMMISSIONER

v.

PERRY HALL DENTAL
ASSOCIATES, LLC
8647 BELAIR ROAD
BALTIMORE, MD 21236

MIA CASE NO: MIA-2015-10-014

serve on:
M. HANKIN, ESQ.
RESIDENT AGENT
100 S. CHARLES ST
BALTIMORE, MD 21201

and

DR. JOHN N. STAMAS, DDS
8647 BELAIR ROAD
BALTIMORE, MD 21236

* * * * *

ORDER

This Order is entered by the Maryland Insurance Commissioner ("Commissioner") against Perry Hall Dental Associates, LLC ("Perry Hall Dental") and Dr. John N. Stamas, DDS ("Dr. Stamas") (collectively "the Respondents"). The purpose of the Order is to enforce Md. Code Ann., Insurance § 1-101, *et seq.* (the "Insurance Article"). As the basis for this action, the Maryland Insurance Administration ("MIA" or "Administration") states:

I. Grounds

1. Perry Hall Dental is a limited liability company with a principal office and mailing address of 8647 Belair Road, Baltimore, MD 21236. Dr. Stamas is a board-certified doctor of dental surgery and a principal of Perry Hall Dental. Neither of the

Respondents, Perry Hall Dental nor Dr. Stamas, has a certificate of authority to transact the business of insurance in Maryland.

2. On September 25, 2015, the MIA received a complaint against the Respondents. The complaint alleged that the complainant “paid premiums for a dental plan,” and that “[a]fter leaving the plan, John Stamas is demanding that I pay more since I left.”

3. The complaint referred to, and was accompanied by documents related to, the Perry Hall Dental Premium Plus Dental Plan (the “Dental Plan”). These documents included a Membership Application (the “Application” or the “Plan Application”). This Application states as follows:

“The Perry Hall Premium Plus Dental Plan works similar to many dental plans on the market. You pay a monthly membership fee for benefit coverage on your dental expenses ... All questions regarding plan coverage, verifying benefits, changing coverage types, or any other questions should be directed to our staff at Perry Hall Dental Associates.”

4. The Application further states that the Dental Plan “is designed to cover preventive services such as cleanings and oral exams.” The Application subsequently states that “[n]ot only does the Premium Plus plan provide outstanding coverage for preventive dentistry, the plan offers excellent coverage for major dental procedures like crowns, root canals, bridges, and dentures.”

5. The Application provides a schedule of “Benefit Features” along with an indication of the percentage of the feature that is covered by the plan. These benefits include extractions, implant services, and crown and bridge services.

6. The "Terms and Conditions" section of the Plan Application provides that "[t]he discounted fees associated with the Perry Hall Dental Plan are reduced fees for services performed by Perry Hall Dental Associates, LLC, and in no way qualifies as a dental insurance program."

7. The Application further provides a list of benefit costs, which are charged on a monthly basis, and are dependent upon whether the covered party is an individual, a couple, or a family. The "Terms and Conditions" portion of the Application defines the term "qualified dependents."

8. The "Terms and Conditions" portion of the Application provides a detailed explanation as to what benefits are covered and what benefits are excluded.

9. The complainant that filed the complaint of September 25, 2015, also provided documents and invoices related to the benefits received by the complainant. These documents and invoices indicate that the complainant paid a periodic charge for coverage, and received benefits in return. In some instances, the benefit provided by the Plan covered the entirety of the services rendered, while in other cases the Plan covered only a portion of the service.

10. The documents and invoices submitted by the complainant indicate that the Plan operated as advertised, with the complainant paying monthly premiums and receiving benefits in the form of full or partial coverage of the cost of health care services. In some cases, the Plan provided benefits in the form of coverage for non-routine care such as tooth extractions.

II. Provisions

All references are to Annotated Code of Maryland, Insurance Article. Pursuant to § 2–204(b)(2), the failure to designate a particular provision of the article in this Order does not deprive the Commissioner of the right to rely on that provision.

11. In Maryland, the term “insurance” is defined as “a contract to indemnify or to pay or provide a specified or determinable amount or benefit on the occurrence of a determinable contingency.” § 1–101(s).

12. The term “health insurance” is a type of insurance within the definition of insurance, and is defined as “insurance of human beings against bodily injury, disablement, or death by accident or accidental means, or the expenses of bodily injury, disablement, or death by accident or accidental means; disablement or expenses resulting from sickness or childbirth; and expenses incurred in prevention of sickness or dental care.” § 1–101(p)

13. The term “insurance business” is defined to include “the transaction of all matters pertaining to an insurance contract, either before or after it takes effect; and all matters arising from an insurance contract or a claim under it.” § 1–101(t)(1). The only exception provided to this definition of “insurance business” is “pooling by public entities for self-insurance of casualty, property, or health risks.” § 1–101(t)(2)

14. The term “certificate of authority” is defined as “a certificate issued by the Commissioner to engage in the insurance business. § 1–101(j).

15. The term “dental plan” is defined as “a contractual arrangement for dental services.” § 14-401(b).

16. The term “dental plan organization” is defined as “a person that provides directly, arranges for, or administers a dental plan on a prepaid or postpaid individual or group capitation basis.” § 14-401(c).

17. Maryland law provides that any person that engages in or transacts insurance business in Maryland, or performs an act relative to a subject of insurance resident, located, or to be performed in the State, shall comply with each applicable provision of the Insurance Article. § 1-201.

18. Maryland law further provides that the Commissioner is authorized to enforce the Insurance Article through Orders, and is authorized to bring actions in courts of competent jurisdiction to enforce such Orders. § 2-201(a).

19. Maryland law further prohibits any person from acting as an insurer unless that person has a certificate of authority from the Commissioner. § 4-101.

20. Maryland law further prohibits any person from undertaking specified actions that constitute “doing an insurance business” in the state without statutory authorization. These actions include making or proposing to enter, as an insurer, an insurance contract; taking or receiving an application for insurance; and receiving or collecting premiums, commissions, membership fees, assessments, dues, or other consideration for insurance. § 4-205.

21. Maryland law further prohibits any person from establishing, operating, or administering a dental plan organization, or from receiving advance or periodic consideration in conjunction with a dental plan, unless the person has a certificate of authority issued by the Commissioner. § 14-403.

III. Investigation Findings

22. Respondents Perry Hall Dental Associates, LLC and Dr. Stamas have engaged in or transacted insurance business and have received periodic consideration in conjunction with a dental plan in the State of Maryland without complying with the Insurance Article, and have thereby violated the laws of the State of Maryland.

23. Specifically, the Premium Plus Dental Plan is a contractual arrangement for dental services, and therefore constitutes a dental plan for purposes of § 14-401(b).

24. Perry Hall Dental Associates and Dr. Stamas have established and are currently operating this Plan, and are receiving periodic consideration in conjunction with the Plan in the form of monthly membership payments, without a certificate of authority issued by the Commissioner. Respondents are in violation of §§ 4-102, 4-205 and 14-403 of the Insurance Article.

25. The Maryland Insurance Commissioner has jurisdiction over the subject matter of this Order. Respondents do not hold any license, certificate of authority, or other authorization to operate a dental plan organization or to otherwise engage in the business of insurance in the State or with Maryland residents. Respondents have violated provisions of the Insurance Article, and will continue to do so unless ordered by the Commissioner to cease such conduct.

26. The public justifiably expects the Maryland Insurance Administration to ensure that only authorized insurers are permitted to conduct the business of insurance in Maryland. By operating without appropriate regulatory oversight, the Respondents threaten the well-being of residents in Maryland.

27. In consideration of the statutory law of the State and the need for enforcement of such law, as described above, the Commissioner enters this Order to enforce and for violations of the Insurance Article.

WHEREFORE, pursuant to § 2-201(a) and § 2-204, and for the reasons set forth above and effective this 10th day of October 2015, it is

HEREBY ORDERED:

A. Effective November 1, 2015, the Perry Hall Dental Premium Plus Plan is to discontinue issuing both new and renewal memberships.

B. Effective November 1, 2015, any member of the Perry Hall Dental Premium Plus Plan is permitted to voluntarily terminate his or her membership in the plan. Members seeking to terminate membership may do so by providing of one (1) month's notice of their intention to withdraw from the plan.

C. Within 30 days of the date of this Order, Respondents shall notify all members of their right to terminate their memberships. Upon such termination, members will no longer be obligated to pay periodic fees, and will no longer be eligible for coverage. Any members who have made membership fee payments covering periods longer than one (1) month and who choose to terminate their membership shall be entitled to a refund of amounts paid for periods beyond their termination date.

D. Any memberships that have been entered into prior to November 1, 2015, and that have not been voluntarily terminated as described above, are to be administered under the terms of the membership agreement, until the end of the current membership periods. Respondents are directed to collect membership payments and provide

benefits under the terms of the currently in-force agreements for the remainder of all memberships that are in force as of November 1, 2015, and that are not voluntarily terminated.

E. Upon the end of the expiration of the last currently in-force agreement, Perry Hall Dental Associates, LLC and Dr. Stamas are to cease the operation of the Plan. The Commissioner anticipates that this will occur no later than October 31, 2016. After this date, Perry Hall Dental Associates, LLC, Dr. Stamas, and their affiliates, agents, directors, employees, managers, members, officers, principals, or trustees, shall not operate a dental plan organization or conduct or engage in the business of insurance in the State of Maryland without authority, licenses, and the express written permission of the Maryland Insurance Administration.

F. Respondents are directed to provide an affirmation to MIA no later than December 1, 2015, that they intend to comply with this Order. This affirmation shall include a statement to the effect that no new memberships are being sold, solicited, or entered into, and that current members, subscribers, or policyholders have been informed of their right to terminate membership, and that their policies will not be renewed. This affirmation shall be sent to Brenda Wilson, Associate Commissioner, Life & Health, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202, and shall reflect the case number captioned at the beginning of this Order.

G. Respondents are directed to provide an affirmation to MIA no later than December 1, 2016, that it has fully complied with this Order. This affirmation shall include a statement to the effect that all previously in-force memberships have expired and that Respondents are no longer operating the Plan, are no longer operating any


other plan that constitutes insurance, and are not otherwise transacting an insurance business in the State of Maryland. This affirmation shall be sent to Brenda Wilson, Associate Commissioner, Life & Health, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202, and shall reflect the case number captioned at the beginning of this Order.

H. Nothing herein shall be deemed a waiver of the Commissioner's right to proceed in an administrative action or civil action for violations not specifically identified in this Order, including, but not limited to, specific consumer complaints received by the Administration, nor shall anything herein be deemed a waiver of the right of the Respondents to contest other proceedings by the Administration. This Order shall not be construed to resolve or preclude any potential or pending civil, administrative, or criminal action or prosecution by any other person, entity or governmental authority regarding any conduct by the Respondents including the conduct that is the subject of this Order.

Respondents have the right to a hearing upon this Order, pursuant to the Annotated Code of Maryland, Insurance §2-210 and COMAR 31.02.01. To request a hearing, Respondents must do so in writing and the request must be received by this Administration within thirty (30) days of the date of this letter. Such a request shall specify the grounds to be relied upon as a basis for the relief to be demanded at a hearing.

ALFRED W. REDMER, JR.
INSURANCE COMMISSIONER

By:



Brenda Wilson, Associate Commissioner
Life & Health Insurance Unit

RIGHT TO REQUEST A HEARING

Pursuant to § 2-210 of the Insurance Article and COMAR 31.02.02.03, you may request a hearing on this Order. This request must be in writing and be received by the Commissioner within thirty (30) days of the date of the letter accompanying the Order.

Pursuant to § 2-212 of the Insurance Article, the Order shall be stayed pending a hearing only if a demand for hearing is received by the Commissioner within ten (10) days after the Order is issued.

The request for hearing must be made in writing. This request must be addressed to the Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202, Attn: Appeals Clerk. Failure to request a hearing timely or to appear at a scheduled hearing will result in a waiver of your rights to contest this Order and it shall be made final on its effective date.