



April 8, 2022

Via Electronic Submission  
Jane Beyer  
Rules Coordinator  
Office of the Insurance Commissioner  
PO Box 40260  
Olympia, WA 98504-0260

Dear Ms. Beyer:

On behalf of Sedera, Inc., I submit the following letter in response to the Washington Office of the Insurance Commissioner's ("OIC") request for comments on the second stakeholder draft for OIC's Health Care Sharing Ministry ("HCSM") Rulemaking (R 2021-17).

Sedera respects the role that the Washington OIC plays in licensing insurance companies and producers to preserve solvency and protect Washington consumers from harm, but it bears repeating on the record that the draft's continued inclusion of the "1999" requirement is not the best way to protect consumers.

Sedera strives to work with regulators and policymakers across the country to promote best practices for medical cost sharing organizations and welcomes the opportunity to collaborate with the OIC on a rule, or if appropriate, a legislative effort, to ensure that healthcare consumers are informed and protected, and that all medical cost sharing organizations operate in a responsible manner, while also preserving the distinct, non-insurance status of medical cost sharing organizations.

Sedera was founded in 2014 as a medical cost sharing community offering an affordable, innovative, non-insurance approach to managing large, unexpected healthcare expenses. Sedera members commit to caring for the community by voluntarily sharing medical burdens with fellow members and engaging in ethical and health-conscious lifestyles, consistent with Sedera's applicable (and publicly available) guidelines.

Thirty-one states, including Washington, define and exempt HCSMs from their insurance codes. Yet Washington is one of only four states that included a provision in its safe harbor that requires an HCSM to have been created prior to and continuously sharing medical expenses since at least December 31, 1999.



The second stakeholder draft continues to focus on the law's 1999 requirement by interpreting what it means for an organization to have "continuously shared" medical expenses. Ironically, the inclusion of this interpretive provision to further refine and restrict what it means to have continuously shared medical expenses since 1999 is an acknowledgement that the 1999 requirement does not effectively keep out bad actors or otherwise protect consumers, because many sharing organizations claiming pre-1999 status have acquired or merged with pre-1999 HCSMs for the explicit purpose of claiming the statutory exemption. The 1999 requirement is an arbitrary date stamp, not a harbinger of quality, and serves only as an artificial constraint to competition and innovation.

Of note, all of the HCSMs that were created prior to 1999 exclusively served members of certain Christian denominations. As such, restricting recognition of HCSMs to only the narrow sliver of Christian HCSMs that were created before 1999 is a prohibited "denominational preference" and violates the Establishment Clause of the First Amendment.

Furthermore, the 1999 restriction rewards HCSMs that use their religious orientation to discriminate against unwed mothers, those with substance abuse problems, and members of the LGBTQ community. Sedera is one of the few sharing organizations that does not discriminate based on marital status, sexual orientation, or gender identity.

Sedera has developed a host of operational best practices to ensure that Sedera's prospective and current members understand how Sedera Medical Cost Sharing operates and differs from insurance. Sedera continues to invest significant time and resources to ensure that members' contributions are shared responsibly, securely, and transparently.

Rather than doubling down on the unconstitutional, discriminatory, arbitrary, and anti-competitive 1999 provision, Sedera would still welcome and appreciate the opportunity to work with OIC and other industry participants to develop a rule or craft legislation in Washington that would address OIC's valid pro-consumer concerns regarding the operation of sharing organizations, while creating a level playing field for all sharing organizations, regardless of formation date. If OIC wishes to restrict the sharing marketplace, it should do so based on which entities operate responsibly, instead of when they were formed or what entity they acquired.

Thank you for your continued interest in improving the regulatory landscape for medical cost sharing. Sedera remains committed to its desire to work collaboratively with OIC to achieve our shared goals.



Sincerely,

A handwritten signature in black ink, appearing to read "Jenny Aghamalian".

Jenny Aghamalian  
Chief Strategy Officer