

MAR 13 2001

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE
BY CB

In the Matter of:

Docket No. 01A-071-INS

**UNITED DENTAL CARE OF ARIZONA, INC.
(NAIC #47708),**

CONSENT ORDER

Respondent

A health care appeals audit was made of United Dental Care of Arizona, Inc., hereinafter referred to as "United Dental," by the Health Care Appeals Examiner for the Arizona Department of Insurance (the "Department") and was completed on December 29, 2000. The audit covered all appeals that occurred between July 1, 1998, and June 30, 2000. Based upon the audit results, it is alleged that United Dental has violated the provisions of A.R.S. §§20-461, 20-2533, 20-2536, and 20-2537.

The Examiner reviewed United Dental's health care appeals procedures, expedited, informal, formal, and external health care appeals files, and other materials sent to the Department in response to a May 1999 health care appeals survey and in response to the audit call letter.

United Dental wishes to resolve these matters without formal adjudicative proceedings, admits the following Findings of Fact are true and consents to entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. United Dental is an Arizona domiciled prepaid dental plan organization authorized to transact business pursuant to a certificate of authority issued by the Director.

2. The Examiner was authorized by the Director to conduct a health care appeals audit of United Dental and has prepared a Report of Examination of the Health Care Appeals of United Dental ("the Report").

1 3. The Examiner reviewed United Dental's health care appeals information packet
2 and found that United Dental failed to issue an approved health care appeals information packet
3 until after August 12, 1999, and failed to include upon plan renewal a notice of the right to
4 request a replacement packet.

5 4. The Examiner reviewed twenty-four formal appeals and found that all twenty-four
6 files contained deficiencies. The deficiencies are as follows:

7 a. United Dental failed to complete one formal appeal of denied claims within
8 sixty days following receipt of the request for formal appeal.

9 b. United Dental failed to send written acknowledgment of the request for formal
10 appeal to the member in nineteen cases.

11 c. United Dental failed to send a health care appeals information packet along
12 with the acknowledgment letter to the member in twenty-one cases.

13 d. United Dental failed to send written acknowledgment of the formal appeal
14 request, along with a copy of the health care appeals information packet, to the treating provider
15 in twenty-four cases.

16 e. United Dental failed to send written notice of the outcome of the formal
17 appeal, including the criteria used and the clinical reasons for its decision, to the member in
18 fifteen formal appeal cases.

19 f. United Dental failed to inform the member in seven cases of the right to
20 request external independent review if the formal appeal is upheld.

21 5. The Examiner reviewed two appeals files that involved appeals subsequent to
22 the formal appeal and found the following deficiencies:

23 a. United Dental failed to treat either of the two files as an external independent
24 review and failed to comply with all elements of Arizona law applicable to external independent
25 review appeals.

1 b. United Dental failed to send written acknowledgement of the request for
2 external independent review to the Director, the member, and the treating provider in two cases.

3 c. United Dental failed to send two external independent review appeals, along
4 with the requisite information, to the Director for review.

5 6. United Dental's deficiencies outlined above indicate that its general business
6 practices do not comply with the provisions of Arizona's health care appeal laws.

7
8 **CONCLUSIONS OF LAW**

9 1. United Dental violated A.R.S. §20-2533(C) by failing to distribute approved health
10 care appeals information packets with newly issued policies and by failing to provide a notice at
11 renewal advising members of the right to request a replacement appeals packet.

12 2. United Dental violated A.R.S. §20-2536(B) by failing to send acknowledgment
13 letters of formal appeal requests to members and treating providers within five business days of
14 receiving the appeal requests and by failing to provide health care appeals information packets
15 with the acknowledgment letters.

16 3. United Dental violated A.R.S. §20-2536(E)(2) by failing to complete all formal
17 appeals of denied claims within sixty days of receiving the appeal request.

18 4. United Dental violated A.R.S. §20-2536(E) by failing to send members a written
19 notice of decision, including the criteria used and clinical reasons for the decision, following
20 formal appeals.

21 5. United Dental violated A.R.S. §20-2536(G) by failing to inform members of the
22 right to request external independent review following formal appeals.

23 6. United Dental violated A.R.S. §20-2537(C)(2)(a) by failing to send written
24 acknowledgement of requests for external independent review to the Director, members and
25 treating providers.

1 7. United Dental violated A.R.S. §20-2537(C)(2)(b) by failing to forward external
2 independent review appeals involving coverage issues to the Director.

3 8. United Dental violated A.R.S. §20-461(A)(17) by failing to comply with the health
4 care appeal laws with such a frequency as to indicate a general business practice.

5
6 **ORDER**

7 IT IS HEREBY ORDERED THAT:

8 1. Within 90 days of the filed date of this Order, Respondent shall provide the
9 Department with a copy of all written policies and procedures, including procedures to reflect
10 compliance with changes in the health care appeals law effective 2001.

11 2. Respondent shall cease and desist from the following acts, as required by the
12 statutes shown:

13 a. failing to issue health care appeals information packets to all newly-issued
14 policies and failing to include upon plan renewal a notice of the right to request a replacement
15 packet (A.R.S. §20-2533(C));

16 b. failing to complete formal appeals of denied claims within sixty days of
17 receiving the request for formal appeal (A.R.S. §20-2536(E)(2));

18 c. failing to send written acknowledgement letters to members and treating
19 providers within five business days of receiving the request for formal appeal (A.R.S. §20-
20 2536(B));

21 d. failing to include health care appeals information packets with the
22 acknowledgment letters of formal appeal requests sent to members and their treating providers
23 (or as otherwise required by law) (A.R.S. §20-2536(B));

24 e. failing to send written notice of the decision, including the criteria used and
25 clinical reasons for the decision, to members following all formal appeals (A.R.S. §20-2536(E));

1 f. failing to inform members of the right to request an external independent
2 review following formal appeal decisions that uphold or partially uphold a previous denial
3 (A.R.S. §20-2536(G));

4 g. failing to comply with the external independent review requirements provided
5 under Arizona law (A.R.S. §20-2537);

6 h. failing to send written acknowledgments of requests for external independent
7 review to the Department, member and treating provider within five business days of receiving
8 the request (or as otherwise required by law) (A.R.S. §20-2537(C)(2));

9 i. failing to send all external independent review appeals involving coverage
10 issues to the Director for review within five business days of receipt (or as otherwise required by
11 law) (A.R.S. §20-2537(C)(2)(b)).

12 3. United Dental shall pay a civil penalty of fifteen thousand dollars (\$15,000.00) to
13 the Director for remission to the State Treasurer for deposit in the State General Fund in
14 accordance with A.R.S. §20-220(B). Said amount shall be provided to the Health Care
15 Appeals Section of the Department prior to the filing of this Order.

16 4. The Report of Examination dated December 29, 2000, and any objections to the
17 Report submitted by United Dental, shall be filed with the Department upon the filing of this
18 Order.

19 DATED this 13th day of March, 2001.

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23 Charles R. Cohen
24 Director of Insurance
25

CONSENT TO ORDER

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2 1. Respondent, United Dental Care of Arizona, has reviewed the foregoing Order.

3 2. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona,
4 admits the foregoing Findings of Fact are true, and consents to the entry of the Conclusions of
5 Law and Order.

6 3. Respondent is aware of the right to a hearing, at which it may be represented by
7 counsel, present evidence and cross-examine witnesses. Respondent irrevocably waives the
8 right to such notice and hearing and to any court appeals related to this Order.

9 4. Respondent states that no promise of any kind or nature whatsoever was made
10 to induce it to enter into this Consent Order and that it has entered into this Consent Order
11 voluntarily.

12 5. Respondent acknowledges that the acceptance of this Order by the Director of
13 the Arizona Department of Insurance is solely for the purpose of settling this matter and does
14 not preclude any other agency or officer of this state or its subdivisions or any other person
15 from instituting proceedings, whether civil, criminal, or administrative, as may be appropriate
16 now or in the future.

17 6. David C. Stevens, who holds the office of President of
18 Respondent, is authorized to enter into this Order for it and on its behalf.

19
20 UNITED DENTAL CARE OF ARIZONA

21
22 3/7/01
(date)

By 

23
24 **COPY of the foregoing mailed/delivered this 13th day of March, 2001 to:**

25 Sara Begley
Deputy Director

- 1 Vista Brown
Executive Assistant
- 2 Gerrie Marks
Executive Assistant
- 3 Catherine O'Neil
Consumer Legal Affairs Officer/Custodian of Records
- 4 Mary Butterfield
Assistant Director
Consumer Affairs Division
- 5 Alexandra Shafer
Assistant Director
Life and Health Division
- 6 Deloris E. Williamson
Assistant Director
Rates & Regulations Division
- 7 Steve Ferguson
Assistant Director
Financial Affairs Division
- 8 Nancy Howse
Chief Financial Examiner
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14 Timothy H. Bolden, Esq.
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