

1 **CONCLUSIONS OF LAW**

2 1. The Previous Consent Order is a lawful order of the Director. The Director has the
3 authority to enforce any lawful order. A.R.S. §§ 20-142(A) and (B).

4 2. Violations of A.R.S. §§ 20-142(A) and (B).

5 A. HNA's failure to comply with CAP 1 of the Previous Consent Order
6 constitutes a violation of A.R.S. §§ 20-142(A) and (B).

7 B. HNA's failure to timely comply with Cap 3 of the Previous Consent Order
8 constitutes a violation of A.R.S. §§ 20-142(A) and (B).

9 3. The Director has grounds to impose a civil penalty on HNA for these violations
10 pursuant to A.R.S. § 20-1065(E).

11 **ORDER**

12 **IT IS HEREBY ORDERED THAT:**

13 1. On the 15th day of each month, beginning June 15, 2006 HNA shall submit to the
14 Department for the Director's review information adequate to allow the Department to
15 determine whether HNA has complied with CAP 1 of the Previous Consent Order, specifically:

16 a. Whether HNA pends no less than ninety-five percent (95%) of unclean
17 claims before requesting additional information, rather than denying such claims. Unless
18 permitted otherwise by the Director in advance in writing, the information that HNA submits to
19 the Director under this subsection of this Consent Order shall include, without limitation, the
20 following data for the previous calendar month:

21 i. The number of claims that HNA denied because the claims
22 were not clean, and

23 ii. The number of claims that HNA pended because the claims
24 were not clean.

25 b. Whether, when it receives additional information, HNA links the additional
information to the pended, unclean claim (the "pended claim") no less than ninety-five percent

1 (95%) of the time. In this Consent Order, the term "additional Information" includes duplicate
2 claims that contain information that HNA has requested in order to adjudicate an unclear claim.
3 Unless permitted otherwise by the Director in advance in writing, the information that HNA
4 submits to the Director under this subsection of this Consent Order shall include without
5 limitation the following data for the previous calendar month:

6 i. The number of pended claims that HNA failed to adjudicate after
7 it received additional information that related to the pended claims, and

8 ii. The number of pended claims that HNA adjudicated after it
9 received additional information that related to the pended claims .

10 c. Whether HNA auto denies no less than ninety-five percent (95%) of pended
11 claims with regard to which it has not received additional information in a designated,
12 reasonable number of days. Unless permitted otherwise by the Director in advance in writing,
13 the information that HNA submits to the Director under this subsection of this Consent Order
14 shall include without limitation the following data for the previous calendar month:

15 i. The number of pended claims that HNA failed to auto deny when
16 it did not receive additional information, and

17 ii. The number of pended claims that HNA auto denied when it did
18 not receive additional information.

19 2. In this Consent Order, the terms "auto deny" or "auto denied" refer to a process by
20 which HNA denies claims it pended in order to request additional information when it has not
21 received the additional information in a designated, reasonable number of days.

22 3. The information described in Order No. 1 above shall include the required data for
23 professional, outpatient and inpatient claims that HNA received on or after January 1, 2006.

24 4. HNA shall continue the monthly submissions described in Order No. 1 until the
25 Director determines from the submitted information that HNA has complied with CAP 1 of the

Previous Consent Order for six months in a row, and notifies HNA of that determination in

1 writing.

2 5. HNA shall make no objection to the Department using examiners or other
3 authorized representatives to verify the data HNA submits to the Department under Order No.
4 1 above and to verify that that HNA has complied with all provisions of this Order.

5 6. HNA shall pay a civil penalty of \$2,000 to the Director for deposit in the State
6 General Fund for violating a lawful order of the Director. HNA shall pay this penalty at the time
7 it signs and returns this Consent Order to the Director.

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9 Upon receiving this signed Consent Order and penalty payment from HNA, the Director shall
10 file the Consent Order, along with the Report and HNA's response to the Report, if any.

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12 DATED at Phoenix, Arizona this 19th day of May, 2006.

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15 Christina Urias
16 Director of Insurance

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1 COPY of the foregoing mailed/delivered
this 22nd day of May, 2006, to:

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- 3 Gerrie Marks
Deputy Director
- 4 Mary Butterfield
Assistant Director
- 5 Consumer Affairs Division
- Paul J. Hogan
- 6 Division Chief
Market Oversight Division
- 7 Dean Ehler
Assistant Director
- 8 Property & Casualty Division
- Steve Ferguson
- 9 Assistant Director
Financial Affairs Division
- 10 Alan Griffith
Chief Financial Examiner
- 11 Financial Affairs Division
- Alexandra Shafer
- 12 Assistant Director
Life and Health Division
- 13 Terry L. Cooper
Unit Chief
- 14 Fraud Unit

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