

NOV 9 2012

DEPT OF INSURANCE
BY 

STATE OF ARIZONA
ARIZONA DEPARTMENT OF INSURANCE

In the Matter of:)
)
HUMANA INSURANCE COMPANY)
NAIC #73288)
Respondent.)

Docket No. 12A-156-INS

CONSENT ORDER

August 9, 2007, the Arizona Department of Insurance ("Department") called a timely claim payment and adjustment practices examination ("Examination") of Humana Insurance Company, ("HIC" or "Company") covering the time period January 1, 2006 through December 31, 2007 ("Examination Period"). The Examination Period was divided into four six-month periods ("Partial Examination Periods" or "PEPs") as follows:

- PEP 1: January 1, 2006 – June 30, 2006
- PEP 2: July 1, 2006 – December 31, 2006
- PEP 3: January 1, 2007 – June 30, 2007
- PEP 4: July 1, 2007 – December 31, 2007

The Report of the Timely Claim Payment and Adjustment Practices Examination of HIC dated September 17, 2009 ("Report"), which is included herein by reference, alleges that HIC violated Arizona Revised Statutes (A.R.S.) §§20-3102 and A.R.S. §§36-2239(D). HIC wishes to resolve this matter without formal proceedings. HIC admits the following Findings of Fact are true and consents to the entry of the following Conclusions of Law solely for the purpose of resolving the allegations contained in the Report, and consents to the entry of the following Order.

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FINDINGS OF FACT

I. Jurisdiction.

HIC is, and throughout the Examination Period was, authorized to operate as a disability insurer pursuant to a Certificate of Authority issued by the Arizona Insurance Director ("Director").

II. Healthcare Provider Claims.

A. During the Examination Period, in 3,611 out of 7,734 (47% of) clean claims HIC paid late, HIC failed to pay interest or paid too little interest.

B(1). During the Examination Period, in 4,957 out of 22,287 (22% of) unclean claims for other medical services requiring additional information, HIC failed to request additional information before denying the claim.

B(2). During the Examination Period, in 37 out of 119 (31% of) unclean claims for chiropractic services requiring additional information, HIC failed to request additional information before denying the claim.

C. During the Examination Period, in 359 out of 491 (73% of) sampled unclean claims, HIC failed to identify by date, one or more of the five (5) points required to process an unclean claim as set forth in Arizona Department of Insurance Regulatory Bulletin 2006 – 02.

D. During the Examination Period, HIC delayed payment of 863 out of 1,602 (54% of) clean claims from non-contracted ambulance providers without reasonable justification.

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2 **CONCLUSIONS OF LAW**

3 I. **Jurisdiction.**

4 The Director has the authority to enter and enforce this Order. A.R.S. §20-142.
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6 II. **Timely Payment Of Claims.**

7 A. During the Examination Period, HIC violated A.R.S. §20-3102(A) when
8 HIC paid clean claims late, HIC failed to pay interest or paid too little
9 interest.

10 B(1). During the Examination Period, HIC violated A.R.S. §20-3102(B) for
11 unclean claims for other medical services requiring additional information,
12 by failing to request additional information before denying unclean claims.

13 B(2). During the Examination Period, HIC violated A.R.S. §20-3102(B) for
14 unclean claims for chiropractic services requiring additional information, by
15 failing to request additional information before denying unclean claims.

16 C. During the Examination Period, HIC violated A.R.S. §20-3102(B) by failing to
17 identify by date, one or more of the five (5) required points in the processing
18 of an unclean claim as set forth in Arizona Department of Insurance
19 Regulatory Bulletin 2006-02.

20 D. During the Examination Period, HIC violated A.R.S. §20-3102(C) for
21 delaying payment of clean claims from non-contracted ambulance providers
22 without reasonable justification when it failed to pay the amount required in
23 A.R.S. §36-2239(D).
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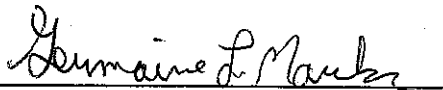
ORDER

IT IS HEREBY ORDERED THAT:

1. Civil Penalty. Humana Insurance Company shall pay a civil penalty of \$37,250 to the Director for deposit in the State General Fund for violations cited above as Conclusion of Law. Humana Insurance Company shall remit this civil penalty to the Life & Health Division of the Department prior to the Department filing of this Order.

The Department will file the Report of the Timely Claim Payment and Adjustment Practices Examination of Humana Insurance Company upon the filing of this order.

DATED at Phoenix, Arizona this 9th day of November, 2012.



Germaine L. Marks
Acting Director

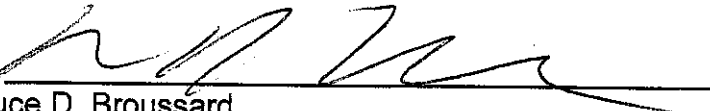
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2 **CONSENT TO ORDER**

- 3 1. Humana Insurance Company has reviewed the foregoing Order and carefully
4 considered it in conjunction with its other business and regulatory requirements.
5 Human Insurance Company believes that it is able and prepared to comply fully
6 with the Order, notwithstanding any of its other business and regulatory
7 requirements.
- 8 2. Humana Insurance Company admits the jurisdiction of the Director of Insurance,
9 State of Arizona, admits the Findings of Fact and consents to the entry of the
10 Conclusions of Law solely for the purposes of resolving the allegations contained
11 in the Report and consents to entry of the Order.
- 12 3. Humana Insurance Company is aware of the right to a hearing, at which it may be
13 represented by counsel, present evidence and cross-examine witnesses. The
14 Company irrevocably waives the right to such notice and hearing and to any court
15 appeals related to this Order.
- 16 4. Humana Insurance Company states that no promise of any kind or nature
17 whatsoever was made to it to induce it to enter into this Consent Order, and that it
18 has entered into this Consent Order voluntarily.
- 19 5. Humana Insurance Company acknowledges that the acceptance of this Order by
20 the Director of the Arizona Department of Insurance is solely for the purpose of
21 settling this matter. This Order does not preclude any other agency or officer of
22 this state or its subdivisions or any other person from instituting proceedings,
23 whether civil, criminal, or administrative, as may be appropriate now or in the future
24 and does not preclude the Department from instituting proceedings as may be
25 appropriate on other matters now or in the future.

1 6. Bruce D. Broussard, who holds the office of President of Humana Insurance
2 Company, is authorized to enter into this Order for the Company and on its behalf.
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4 **HUMANA INSURANCE COMPANY**

5 10/31/2012
6 Date

7 By 
8 Bruce D. Broussard
9 President
10 Humana Insurance Company
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1 COPY of the foregoing mailed/delivered
2 this 9th day of November, 2012, to:

3 Mary Butterfield
4 Assistant Director
5 Consumer Affairs Division

6 Helene I. Tomme
7 Market Oversight Division

8 Dean Ehler
9 Assistant Director
10 Property & Casualty Division

11 Kurt Regner
12 Assistant Director
13 Financial Affairs Division

14 David Lee
15 Chief Financial Examiner
16 Financial Affairs Division

17 Alexandra M. Shafer
18 Assistant Director
19 Life and Health Division

20 Chuck Gregory
21 Fraud Unit

22 ARIZONA DEPARTMENT OF INSURANCE
23 2910 North 44th Street, Suite 210
24 Phoenix, AZ 85018 - 7269

25 Humana Insurance Company
Bruce D. Broussard
President
500 West Main Street
Louisville, KY 40202

Curvey Burton
