

FEB 3 1997

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE
BY CWB

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4 In the Matter of:) Docket No. 97A-016
5 HUMANA HEALTH PLAN, INC.)
6 NAIC #95885)
7 Respondent.)

8 Examiners for the Arizona Department of Insurance ("the
9 Department") have conducted a market conduct examination of
10 Humana Health Plan, Inc. ("HHP"), also referred to as
11 "Respondent", covering the time period from November 1, 1991 to
12 October 31, 1994. Based upon the examination results, it is
13 alleged that HHP has violated the provisions of A.R.S. §§ 20-461
14 and 20-462, and A.A.C. 20-6-801. HHP wishes to resolve this
15 matter without formal adjudicative proceedings and hereby agrees
16 to a Consent Order.

17 The Director of Insurance of the State of Arizona ("the
18 Director") enters the following Findings of Fact, and
19 Conclusions of Law and the following Order.

FINDINGS OF FACT

20 1. HHP is authorized as a Health Care Services
21 Organization (HMO) pursuant to a Certificate of Authority issued
22 by the Director.

23 2. The Examiners were authorized by the Director to
24 conduct a market conduct examination of HHP. The on-site
25 examination was completed on April 7, 1995 with the full
26 cooperation of HHP.

27 3. The Examiners reviewed 350 of 340,969 Arizona
28 Commercial paid claims. Of these:

1 a. HHP inadvertently failed to accept or deny 12
2 claims (3.4%) within 15 working days.

3 b. HHP inadvertently failed to pay interest to
4 claimants on seven claims (2.0%) which were not paid within 30
5 days of receipt of an acceptable proof of loss.

6 4. The Examiners reviewed 183 of 99,007 Arizona
7 Commercial denied claims. Twenty-two of these claims were
8 denied because information necessary to adjudicate the claim was
9 not received from the claimant. HHP inadvertently failed to
10 accept or deny 16 claims (9.9%) of the remaining 161 denied
11 claims within 15 working days of receipt of properly executed
12 proof of loss.

13 CONCLUSIONS OF LAW

14 1. By not accepting or denying claims within fifteen
15 working days of receipt of properly executed proofs of loss, HHP
16 violated A.A.C. R20-6-801(G)(1)(a) and A.R.S. § 20-461(A)(5).

17 2. By not paying interest on claims which were not paid
18 within 30 days after receipt of acceptable proofs of loss which
19 contained all information necessary for claim adjudication, HHP
20 violated A.R.S. § 20-462(A).

21 3. Grounds exist for the entry of all provisions of the
22 following Order.

23 ORDER

24 IT IS ORDERED THAT:

25 1. HHP shall cease and desist from:

26 a. not notifying first party claimants of the
27 acceptance or denial of their claims within 15 working days
28 after the receipt of properly executed proofs of loss;

1 b. not paying interest to insureds on claims not
2 paid within 30 days after the receipt of an acceptable proof of
3 loss which contains all information necessary for claim payment;

4 2. Within 90 days of the filed date of this Order, HHP
5 shall submit written action plans to the Director to monitor
6 Arizona issued policies to ensure that its personnel transact
7 the business of insurance and adjust and pay claims in
8 accordance with Arizona statutes and administrative rules;
9 specifically, as to the issues listed in Item 1a and 1b above.

10 2. HHP has paid interest to the claimants listed in
11 Exhibit 1 of the Report of Examination, attached hereto and made
12 a part hereof. A list of payments, giving the name and address
13 of each party paid, the claim amount on which the interest was
14 calculated, the amount of interest paid, and the date of
15 payment, shall be furnished to the Market Conduct Examination
16 Division of the Department within 90 days of the filed date of
17 this Order.

18 3. The Department shall be permitted, through an
19 authorized representative, to verify that HHP has complied with
20 all provisions of this Order. The Director may separately order
21 HHP to comply with this Order.

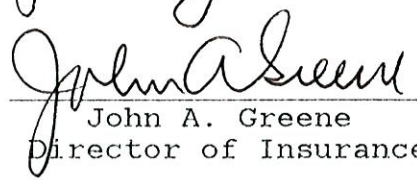
22 4. HHP shall pay a Civil Penalty of TWO THOUSAND EIGHT
23 HUNDRED FIFTY DOLLARS (\$2,850.00) to the Director for remission
24 to the State Treasurer for deposit in the State General Fund.
25 Said amount shall be provided to the Market Conduct Examinations
26 Division of the Department on or before the entry of this Order.

27 5. The Report of Market Conduct Examination as of October
28 31, 1994, and the reponse to the Report submitted by HHP, shall

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be filed with the Department upon acceptance by the Director of
this Consent Order.

DATED at Phoenix, Arizona this 31 day of January, 1997.



John A. Greene
Director of Insurance

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1 COPY of the foregoing mailed/delivered
2 this 3rd day of February , 1997, to:

3 Charles R. Cohen
4 Deputy Director
5 Gregory Y. Harris
6 Executive Assistant Director
7 Erin H. Klug
8 Chief Market Conduct Examiner
9 Market Conduct Examinations Division
10 Mary Butterfield
11 Assistant Director
12 Life & Health Division
13 Deloris E. Williamson
14 Assistant Director
15 Rates & Regulations Division
16 Gary Torticill
17 Assistant Director and Chief Financial Examiner
18 Corporate & Financial Affairs Division
19 Cathy O'Neil
20 Assistant Director
21 Consumer Services Division
22 John Gagne
23 Assistant Director
24 Investigations Division
25 Terry Cooper
26 Fraud Unit Chief

27 DEPARTMENT OF INSURANCE
28 2910 North 44th Street, Suite 210
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Craig H. Reynolds
Director, Product Compliance
Humana, Inc.
P.O. Box 1438
Louisville, Kentucky
40201-1438

Curey W. Burton

HUMANA HEALTH PLAN, INC.

COMMERCIAL PAID CLAIMS
HMO

Claim Number	Date Rec'd	Date Paid	Number of Days Work Calendar	Violations of			Interest Due \$
				A.A.C. R4-14-801 (G)(1)(a)	A.R.S. 20-462		
208411018	03/24/92	04/23/92	22	yes			
420903350	07/28/94	09/12/94	31	yes	yes		.75
325604067	09/13/93	10/12/93	21	yes			
326302557	09/20/93	10/15/93	19	yes			
130151730	10/28/91	03/25/92	101	yes	yes		8.43
331601191	11/12/93	03/11/94	80	yes	yes		5.95
309111806	04/01/93	05/26/93	39	yes	yes		1.72
301928840	01/19/93	02/15/93	19	yes			
330536459	11/01/93	12/04/93	23	yes	yes		.76
308422385	03/25/93	05/05/93	29	yes	yes		2.66
303232798	02/01/93	07/20/93	17	yes			
232830088	11/23/92	01/06/93	28	yes	yes		1.64