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PRESS RELEASE

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ARIZONA DEPARTMENT OF INSURANCE ORDERS HEALTH NET TO PAY \$236,500 IN FINES AND CORRECT VIOLATIONS

PHOENIX - Insurance Director, Christina Urias, announced the results of an examination of Health Net of Arizona, Inc. (HN) and Health Net Life Insurance Company (HNLIC). On February 10, 2010, the Arizona Department of Insurance (ADOI) ordered the companies to pay civil penalties of \$83,500 and \$153,000, respectively, for insurance law violations that occurred between January 1, 2007 and December 31, 2008. ADOI ordered the companies to take immediate action to correct health care appeals and claims handling violations and healthcare provider grievances.

Arizona law requires healthcare insurance companies to adhere to strict rules and requirements when handling member appeals of insurer claim payment denials and/or healthcare services denials. ADOI cited both insurers for failure to timely inform their members of appeal decisions, timely acknowledge receipt of an appeal, accurately communicate the reason for the appeal decision, or the member's right to pursue the appeal further.

Arizona law also requires health insurers to establish an internal system for resolving healthcare provider payment disputes and other provider grievances. ADOI's previous examinations of both insurers revealed that they had failed to comply with Arizona's provider grievance requirements, but had corrected earlier violations. In this examination, however, the companies' grievance systems once again failed to meet the statutory requirements, not only by inaccurately categorizing grievances, but, more importantly, by failing to resolve provider grievances within their own established timeframes.

HNLIC's violations of the Unfair Claims Settlement Practices Act were particularly troubling because they occurred with such frequency so as to signify a general business practice. In more than 80% of the claim files ADOI examined, HNLIC:

- Denied members' claims without conducting a reasonable investigation;
- Failed to promptly provide a reasonable explanation for the basis of its claim denial to its members; and,
- Failed to pay interest on members' claims that the companies failed to pay on time.

"There is one important thing patients can do to assure they receive the benefits they are entitled to receive under their health insurance policies: be proactive, understand and exercise your appeals rights," said Urias. "Healthcare providers too, can educate themselves about healthcare insurers' grievance processes and timely pay and grievance law requirements."

Consumers can learn more by reading the ADOI's pamphlet entitled "*Consumer Guide to Health Care Appeals*":

[http://www.id.state.az.us/publications/Guide to Healthcare Appeals 09.pdf](http://www.id.state.az.us/publications/Guide%20to%20Healthcare%20Appeals%2009.pdf).

Providers should read the "*Timely Pay-Grievances, Health Care Provider Rights*":

<http://www.id.state.az.us/publications/TimelyPayGrevBrochure-REVISED-Jan09.pdf>.

Consumers can also call the ADOI's Consumer Affairs Division at (602) 364-2499 or (800) 325-2548 (in Arizona, outside Phoenix); healthcare providers can contact the Provider Information line at (602) 364-2394.

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