

OCT 29 2012

STATE OF ARIZONA

DEPT OF INSURANCE

ARIZONA DEPARTMENT OF INSURANCE

BY 

In the Matter of:

) Docket No.12A-153-INS

)  
) **HUMANA HEALTH PLAN, INC.**

) NAIC #95885

) **CONSENT ORDER**

) Respondent.  
)

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8 On August 9, 2007 the Arizona Department of Insurance ("Department") called a  
9 timely claim payment and adjustment practices examination ("Examination") of  
10 Humana Health Plan, Inc. ("HHP" or "Company") covering the time period January 1,  
11 2006 through December 31, 2007 ("Examination Period"). The Examination Period  
12 was divided into four six-month periods ("Partial Examination Periods" or "PEPs") as  
13 follows:

14 PEP 1: January 1, 2006 – June 30, 2006

15 PEP 2: July 1, 2006 – December 31, 2006

16 PEP 3: January 1, 2007 – June 30, 2007

17 PEP 4: July 1, 2007 – December 31, 2007

18 The Report of the Timely Claim Payment and Adjustment Practices Examination of  
19 Humana Health Plan, Inc., dated September 17, 2009 ("Report"), which is included  
20 herein by reference, alleges that Humana Health Plan, Inc. violated Arizona Revised  
21 Statutes ("A.R.S.") §20-3102, A.R.S. §20-1051(5), A.R.S. §20-1057.03, A.R.S. §20-  
22 2239(D) and Arizona Administrative Code ("A.A.C.") R20-6-1904(D)(1). The Company  
23 wishes to resolve this matter without formal proceedings. Humana Health Plan, Inc.  
24 admits the following Findings of Fact are true and consents to the entry of the  
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1 following Conclusions of Law solely for the purpose of resolving the allegations  
2 contained in the Report, and consents to the entry of the following Order.

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2 **FINDINGS OF FACT**

3 I. **Jurisdiction.**

4 Humana Health Plan, Inc. is, and throughout the Examination Period was,  
5 authorized to operate as a health care services organization insurer pursuant to  
6 a Certificate of Authority issued by the Arizona Insurance Director ("Director").  
7

8 II. **Healthcare Provider Claims.**

9 A. During the Examination Period, in 2,432 out of 5,441 (45% of) clean claims  
10 HHP paid late, HHP failed to pay interest or paid too little interest.

11 B. During the Examination Period, in 4,252 out of 6,833 (62% of) unclean  
12 claims requiring additional information, HHP failed to request additional  
13 information before denying unclean claims.

14 C. During the Examination Period, in 104 out of 142 (73% of) sampled  
15 unclean claims, HHP failed to identify by date, one or more of the five (5)  
16 points required to process an unclean claim.

17 D(1). During the Examination Period, HHP delayed the payment of 3,568 of  
18 16,532 (22% of) clean claims without reasonable justification by either  
19 inaccurately denying claims or paying claims in an inaccurate amount.

20 (D)2. During the Examination Period, HHP delayed payment of 209 of 451 (46%  
21 of) clean claims from non-contracted ambulance providers without  
22 reasonable justification when it failed to pay the amount required in A.R.S.  
23 §36-2239(D).  
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III. Health Care Services Organization Requirements.

- A. During the Examination Period, HHP failed in 27 of 85 (32% of) sampled self-referred visits to allow an enrollee self-referral for the first 12 visits in an annual contract period for chiropractic services.
- B. During the Examination Period, HHP failed in 255 of 873 (29% of) claims to adequately assure that if an enrollee obtained covered emergency care from a non-contracted provider, the enrollee was not liable for costs that HHP was obligated to pay.

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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. Healthcare Provider Claims.

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

10 B. During the Examination Period, Humana Health Plan, Inc. violated A.R.S.  
11 §20-3102(B) by failing to request additional information before denying  
12 unclean claims.

13 C. During the Examination Period, Humana Health Plan, Inc. violated A.R.S.  
14 §20-3102(B) by failing to identify by date, one or more of the five (5)  
15 required points in the processing of an unclean claim as set forth in  
16 Arizona Department of Insurance Regulatory Bulletin 2006-02.

17 D(1). During the Examination Period, Humana Health Plan, Inc. violated A.R.S.  
18 §20-3102(C) by delaying payment of clean claims without reasonable  
19 justification by either inaccurately denying claims or paying claims in an  
20 inaccurate amount.

21 D(2). During the Examination Period, Humana Health Plan, Inc. violated A.R.S.  
22 §20-3102(C) by delaying payment of clean claims from non-contracted  
23 ambulance providers without reasonable justification when it failed to pay  
24 the amount required in A.R.S. §36-2239(D).  
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1 III. Health Care Services Organization Requirements.

2 A. During the Examination Period, Humana Health Plan, Inc. violated A.R.S.  
3 §20-1057.03(C) by failing to allow an enrollee to self-referral for the first 12  
4 visits in an annual contract period for medically necessary chiropractic  
5 services from a network chiropractic provider.

6 B. During the Examination Period, Humana Health Plan, Inc. violated A.R.S.  
7 §20-1051(5) and A.A.C. R20-6-1904(D)(1) by failing to adequately assure  
8 that if an enrollee obtained covered emergency care from a non-network  
9 provider, the enrollee was not liable for any cost that HHP was obligated  
10 to pay.

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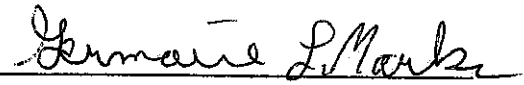
**ORDER**

**IT IS HEREBY ORDERED THAT:**

1. Civil Penalty. Humana Health Plan, Inc. shall pay a civil penalty of \$45,500.00 to the Director for deposit in the State General Fund for violations cited above as Conclusion of Law. Humana Health Plan, Inc. 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 Health Plan, Inc. upon the filing of this order.

DATED at Phoenix, Arizona this 29<sup>th</sup> day of October, 2012.

  
Germaine L. Marks  
Acting Director

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**CONSENT TO ORDER**

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



1 6. M. Curt Howell, who holds the office of President of Humana Health Plan, Inc., is  
2 authorized to enter into this Order for Humana Health Plan, Inc. and on its behalf.  
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4 **HUMANA HEALTH PLAN, INC.**

5 10/8/12  
6 Date

7 By M. Curt Howell  
8 M. Curt Howell  
9 President  
10 Humana Health Plan, Inc.  
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1 COPY of the foregoing mailed/delivered  
2 this 29th day of October, 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 Health Plan, Inc.  
M. Curt Howell  
President  
20860 North Tatum Boulevard  
Suite 400  
P.O. Box 71000  
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