

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

FEB 03 2009

FILED

STATE OF NEBRASKA)
 DEPARTMENT OF INSURANCE,)
)
 PETITIONER,)
)
 VS.)
)
 COVENTRY HEALTH CARE OF)
 NEBRASKA, INC.)
)
 RESPONDENT.)

CONSENT ORDER

CAUSE NO. C-1735

In order to resolve this matter, the Nebraska Department of Insurance ("Department"), by and through its representative, Martin W. Swanson and Coventry Health Care of Nebraska, ("Respondent"), mutually stipulate and agree as follows:

JURISDICTION

1. The Department has jurisdiction over the subject matter and Respondent pursuant to Neb. Rev. Stat. §44-101.01, §44-303 and §44-4047, et seq.
2. Respondent was licensed as a health maintenance organization under the laws of Nebraska at all times material hereto.

STIPULATIONS OF FACT

1. The Department initiated this administrative proceeding by filing a petition styled State of Nebraska Department of Insurance vs. Coventry Healthcare of Nebraska, Cause Number C-1735 on January 7, 2009. A copy of the petition was served upon the Respondent, at the Respondent's address registered with the Department by certified mail, return receipt requested.

2. The petition alleged that Respondent violated Neb. Rev. Stat. §§ 44-1539, 44-1540(2), 44-1540(3), 44-1540(4), 44-7308(1), 44-7308(2)(a), 44-7308(2)(b), 44-7310, and Title 210, Chapter 61 §§006.01, and 008.02 as a result of the following conduct:

- a. On August 21, 2008, the Nebraska Department of Insurance received a complaint regarding delays and non-payment for a claim. Cynthia Williamson, (Williamson) an insurance investigator with the Nebraska Department of Insurance's consumer affairs division, investigated the matter. As part of that investigation, Williamson requested several documents and responses from Respondent. Part of the inquiry revolved around why a claim was denied several times as a pre-existing condition despite policy terms dictating that if the treatment for said preexisting condition was outside of six months, it is no longer considered a pre-existing condition. Additionally, there were issues regarding the continual submission of medical documents on an appeal filed by the complainant.
- b. On September 12, 2008, Respondent sent a letter to Williamson in response to an August 22, 2008 letter. In that letter, Respondent admitted that services rendered on January 15, 2008 and March 27, 2008, were incorrectly denied as pre-existing. Respondent failed to notice that the dates of treatment were, in fact, outside the six month pre-enrollment window for pre-existing condition. Respondent further admitted when they received an appeal from the complainant on July 7, 2008, it should have been processed and handled as a first level appeal. It was not and, in fact, Respondent admitted that they should not have told complainant that it was not an appeal.
- c. Williamson sent a follow up letter to Respondent on September 15, 2008. In that letter, Williamson asked additional questions, including why there was not a written notice provided to the insured, pursuant to Neb. Rev. Stat. §44-7308(2)(a), and why the three day written notice on extension was not given to the insured, pursuant to Neb. Rev. Stat. §44-7308(2)(b), and to further explain why further denials of the claim occurred prior to the payment of said claims on August 27, 2008.
- d. In a response letter Respondent wrote on September 29, 2008, Respondent stated they erred, and failed to process the claims correctly with regard to the pre-existing condition issue. Respondent further admitted that a diagnosis code should not have been considered a pre-existing condition since the complainant had not received treatment for the condition prior to the policy effective date. Respondent had denied the claims, several times, as being related to a pre-existing condition based on symptoms, when in fact a denial of a claim due to the existence of a pre-existing condition

exclusion must be based on treatment or medical advice received prior to the effective date of the policy. Respondent also admitted that they failed to properly address the complainant's letter as an appeal, and that Neb. Rev. Stat. §§ 44-7308(2)(a) and (2)(b) were not followed.

3. Respondent was informed of the right to a public hearing. Respondent waives that right, and enters into this Consent Order freely and voluntarily. Respondent understands and acknowledges that by waiving its right to a public hearing, Respondent also waives its right to confrontation of witnesses, production of evidence, and judicial review.

4. Respondent neither admits or denies that it violated Neb. Rev. Stat. §§44-1539, 44-1540(2), 44-1540 (3), 44-1540(4), 44-7308(1), 44-7308(1), 44-7308(2)(a), 44-7308(2)(b), 44-7310 and Title 210 NAC Chapter 61 §§006.01, and 008.02. However, in order to resolve this matter, Respondent will review the process involved in the handling of preexisting conditions and resolutions of grievances and make corrections where necessary. Respondent also agrees to abide by the decision as set forth in this consent order.

CONCLUSIONS OF LAW

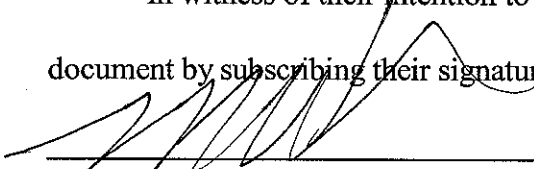
The conduct of Coventry Health Care of Nebraska, as alleged above, constitutes a violations of Neb. Rev. Stat. §§44-1539, 44-1540(2), 44-1540 (3), 44-1540(4), 44-7308(1), 44-7308(2)(a), 44-7308(2)(b), 44-7310, and Title 210 NAC Chapter 61 §§ 006.01, and 008.02.

CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed to by Respondent, that Respondent shall pay an administrative fine in the amount of \$2,500 dollars. The Respondent has thirty days from the date of approval of this consent order by the Nebraska Director of Insurance to pay the two thousand five hundred dollar fine. Respondent also agrees to review its claims review process in order to rectify the issues that arose from the substance of the petition filed in this matter.

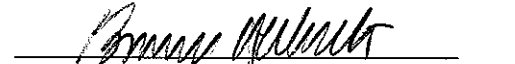
The Nebraska Department of Insurance shall retain jurisdiction of this matter for the purpose of enabling the Department to make application for such further orders as may be necessary.

In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing their signatures below.



Martin W. Swanson, #20795
Department of Insurance
941 "O" Street, Suite 400
Lincoln, Nebraska 68508
(402) 471-2201

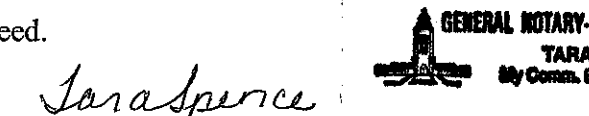
1/27/09
Date


Coventry Health Care of Nebraska, Inc.

1/26/09
Date

State of Nebraska)
County of Douglas) ss.

On this 26th day of January, 2009, Coventry Health Care of Nebraska, Inc. personally appeared before me and read this Consent Order, executed the same and acknowledged the same to be his voluntary act and deed.


Notary Public

 GENERAL NOTARY-State of Nebraska
TARA SPENCE
My Comm. Exp. May 27, 2012

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance vs. Coventry Health Care of Nebraska, Inc., Cause No. C-1735.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE


ANN M. FROHMAN

Director of Insurance

2-3-09
Date

CERTIFICATE OF SERVICE

I hereby certify that a copy of the executed Consent Order was sent to the Respondent at P.O. Box 541210, Omaha, Nebraska 68154, by certified mail, return receipt requested on this 3 day of February 2009.

Tracy A. Shuman