STATE OF OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES INSURANCE DIVISION

In the Matter of Health Net Health Plan of) STIPULATION and
Oregon, Inc.) FINAL ORDER
) Case No. INS 05-02-00

STIPULATION

The Director of the Oregon Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against Health Net Health Plan of Oregon, Inc. (Health Net).

Health Net enters into this stipulation, pursuant to ORS 183.415(5), to conclude this proceeding without further administrative or judicial proceedings.

Health Net waives all rights relative to an administrative hearing and judicial review thereof.

Health Net stipulates to the following facts, conclusions, and action; and consents to the issuance of a final order incorporating this stipulation.

Facts and Conclusions

Licensing Information

Health Net has been licensed in Oregon as a domestic health care service contractor since 6/22/89. Health Net was formerly known as Qual-Med Oregon Health Plan, Inc., and later as QualMed Oregon Health Plan, Inc. Health Net's last recorded principal business address is located in Tigard, Oregon.

Failed to Provide Notice About Oregon Medical Insurance Pool

Health Net violated ORS 735.645 in 950 instances by engaging in the following conduct. ORS 735.645 requires an insurer, that makes an adverse underwriting decision in an insurance transaction involving individual medical insurance because of the health of a person, to include with the notice of the decision to the person also a notice about the existence of the Oregon Medical Insurance Pool (OMIP). ORS 746.600(1)(a)(A), and (11) defines an adverse underwriting decision as a

denial, in whole or in part, of an application for individual insurance by an insurer. From 1/1/01 to 10/7/04, Health Net denied 950 applications for individual health insurance without informing the applicants about the existence of OMIP.

Action

Pursuant to ORS 731.988, Health Net is assessed a civil penalty of \$10,000. The payment shall be made in the form of a check payable to the "Department of Consumer and Business Services" for the full amount due. The payment shall be delivered to the Insurance Division at the Labor and Industries Building, 350 Winter Street NE, Room 440 (4th Floor), Salem, Oregon; or mailed to the Insurance Division at PO Box 14480, Salem, OR 97309-0405. The payment is due on, and shall be received by the Insurance Division by, the date of the final order.

Dated April 22, 2005 /s/ Stephen Lynch [Signature of Representative]

// // Stephen Lynch

[Printed Name of Representative]

President, Western Region Health Plans

[Printed Title of Representative]

Health Net Health Plan of Oregon, Inc.

FINAL ORDER

The director incorporates herein the above stipulation, adopts it as the director's final decision in this proceeding, and orders that the action stated therein be taken.

Dated May 23, 2005
/s/ Cory Streisinger
Cory Streisinger
Director
Department of Consumer and Business Services