

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

In the Matter of **LifeWise Health Plan of Oregon, Inc.**

STIPULATED FINAL ORDER
Case No. INS 05-02-011

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

The parties agree to conclude this proceeding without a hearing by entering into this Stipulated Final Order pursuant to ORS 183.415(5).

STIPULATION

The Director and LifeWise do stipulate as follows:

1 On February 23, 2006, the Director issued an Amended Notice of Proposed Action in Case No. INS 05-02-011. The proposed action sought a civil penalty of \$25,000 on the basis of three alleged violations: (1) failing to implement reasonable claim investigation standards and refusing to pay claims without a reasonable investigation; (2) failing to acknowledge and act promptly upon communication about a claim; and (3) failing to timely acknowledge a grievance or appeal.

2. On April 18, 2006, the Director, represented by the Insurance Division met with representatives of LifeWise for the purpose of discussing resolution of this matter. Present for the division were Carl Lundberg, Deputy Administrator; Cindy Jones, Market Surveillance Manager; and Mitch Curzon, Chief Enforcement Officer. Also

present was the division's attorney, Kathleen Dahlin, Senior Assistant Attorney General. Present for LifeWise were Nancy Nevins, Manager, Regulatory Affairs/Compliance and Tina de Jong, Deputy General Counsel. Also present was LifeWise's attorney, Pilar C. French, of Lane Powell PC.

3. The Director and LifeWise agree to settle this matter in accordance with ORS 183.415(5).

4. LifeWise acknowledges only that it violated ORS 746.230 in one instance by failing, in the case of Mr. S., to acknowledge and act promptly upon communication about a claim.

5. The parties desire through this Stipulation and Final Order ("Order") to settle fully and finally all of the claims asserted in order to avoid expensive, time-consuming, and uncertain litigation.

6. In consideration for this agreement to settle, LifeWise agrees to and will pay a civil penalty in the amount of \$20,000. 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 P. O. Box 14480, Salem, Oregon 97309-0405. The payment is due on, and shall be received by the Insurance Division, by the date of the final order.

6. LifeWise waives all rights to a contested case hearing on this matter, the right to be represented by legal counsel at such hearing, and the right to seek judicial review of the order entered in this matter.

7. The Stipulation and Final Order set forth the entire agreement of the parties.

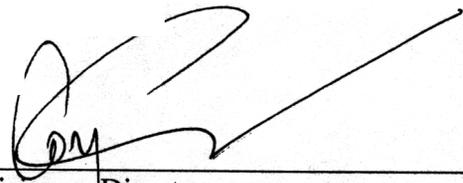
Date: 5/2/06


Name: Mark CHARPENTIER
Title: CEO
LifeWise Health Plan of Oregon, Inc.

FINAL ORDER

Based upon the Stipulation, the Director finds that LifeWise violated ORS 746.230(1)(b) in one instance by failing, in the case of Mr. S., to acknowledge and act promptly upon communication about a claim. The Director makes no findings and will take no further action, now or in the future, upon items (1) and (3) referenced by paragraph 1 of the Stipulation set forth above or as more fully described in the aforementioned Amended Notice of Proposed Action, or any prior versions thereof. As further agreed to by the parties, the Director hereby assesses a civil penalty in the amount of \$20,000.

Date: **MAY 22 2006**


Cory Streisinger, Director
Department of Consumer and Business Services