

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

In the Matter of **Health Net Health Plan of Oregon, Inc.**) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 06-07-014

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 desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.415(5).

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

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

Facts and Conclusions

Licensing Information

Health Net has been licensed in Oregon as a health care service contractor since 6/22/89. Health Net's last recorded principal business address is located in Tigard, Oregon.

Failed to Respond to Director's Inquiry

Health Net is subject to enforcement action pursuant to ORS 731.296 because of the following circumstances. ORS 731.296 requires a person who is licensed in Oregon in any capacity under the Insurance Code to promptly and truthfully respond to an inquiry from the director. ORS 750.055(1)(a) makes, *inter alia*, ORS 731.296 applicable to health care service contractors like Health Net. On or about 8/8/05, the Insurance Division received from James Bronson a complaint about Health Net. On 8/10/05, the Insurance Division mailed by first class mail to

Health Net a letter requesting a response to the complaint within 21 days of receipt. Health Net received the letter on or about 8/12/05 so the response was due by 9/2/05. On 9/19/05, when Health Net did not respond by the due date, the Insurance Division mailed by first class mail to Health Net the first of two follow up letters. Presumably, Health Net received the first follow up letter on or about 9/20/05. On 10/13/05, when Health Net did not respond, the Insurance Division mailed by certified mail to Health Net a second follow up letter. Health Net received the second follow up letter on 10/14/05. On 12/9/05, when Health Net did not respond, the Insurance Division called Health Net about their failure to respond to the three prior letters. On 12/19/05, 108 days late, the Insurance Division received by first class mail from Health Net a letter dated 12/15/06 responding to the complaint. On or about 9/12/05, the Insurance Division received from James Meador a complaint about Health Net. On 9/13/05, the Insurance Division mailed by first class mail to Health Net a letter requesting a response to the complaint within 21 days of receipt. Presumably, Health Net received the letter on or about 9/14/05 so the response was due by 10/5/05. On 10/19/05, when Health Net did not respond by the due date, the Insurance Division mailed by first class mail to Health Net the first of two follow up letters. Presumably, Health Net received the first follow up letter on or about 10/20/05. On 11/28/05, when Health Net did not respond, the Insurance Division mailed by certified mail to Health Net a second follow up letter. Health Net received the second follow up letter on 11/29/05. On or about 1/11/06, when Health Net did not respond, the Insurance Division called Health Net about their failure to respond to the three prior letters. On 1/13/06, 100 days late, the Insurance Division received by first class mail from Health Net a letter dated 1/12/06 responding to the complaint. On 9/27/05, the Insurance Division received from Sandra K. Willis a complaint about Health Net. On 9/28/05, the Insurance Division mailed by first class mail to Health Net a letter requesting a response to the complaint within 21 days of receipt. Presumably, Health Net received the letter on or about 9/29/05 so the response was due by 10/20/05. On 11/1/05, when Health Net did not respond by the due date, the Insurance Division mailed by first class mail to Health Net the

first of two follow up letters. Presumably, Health Net received the first follow up letter on or about 11/2/05. On 11/21/05, when Health Net did not respond, the Insurance Division mailed by certified mail to Health Net a second follow up letter. Health Net received the second follow up letter on 11/22/05. On or about 1/12/06, when Health Net did not respond, the Insurance Division called Health Net about their failure to respond to the three prior letters. On 1/26/06, 98 days late, the Insurance Division received by first class mail from Health Net a letter dated 1/13/06 responding to the complaint. On 2/7/06, the Insurance Division began investigating Health Net as a result of Health Net failing to timely respond to several inquiries about complaints, including the above three complaints, all initially sent to Health Net during the period from August to November 2005. During the investigation, the Insurance Division sent an e-mail to Health Net on 4/12/06. The e-mail requested certain information about a key employee of Health Net by 5/3/06. In the e-mail, the Insurance Division explained to Health Net that the Insurance Division was requesting the information to determine whether it was reasonable for Health Net to have the key employee absent from work for an extended period but not have another employee check during that period to see if the absent employee had received any external written communications that needed to be acted upon. The Insurance Division further told Health Net that the Insurance Division expected Health Net to provide all of the information and that the Insurance Division did not believe that any of the information was confidential employee information. On 5/3/06, the Insurance Division received from Health Net a letter dated 5/3/06 which provided some but not all of the information. The information that Health Net withheld was (1) how long had the employee been in her position as Health Net's Appeals and Grievances Unit Supervisor prior to going on leave, (2) when did the employee go on leave, and (3) was the employee continuously absent from work during a specified period of time? Health Net said that they withheld the information because it "exceed[ed] the appropriate level of human resources confidentiality."

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 shall be *received* by the Insurance Division by the date of the final order.

Dated August 23, 2006

/s/ Chris Ellertson
[Signature of Representative]

Chris Ellertson
[Printed Name of Representative]

Regional Health Plan Officer
[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 October 2, 2006

/s/ Cory Streisinger

Cory Streisinger

Director

Department of Consumer and Business Services

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