



Division began an investigation, PacifiCare Life took corrective action, reviewed the claims, determined that 4,928 claims should have been paid rather than denied, and paid the claims plus interest.

Failed to Limit Preexisting Conditions Provision in Health Benefit Plan to Six Months

PacifiCare Life is subject to enforcement action pursuant to ORS 743.737(2)(a)(A) and ORS 743.754(2)(a)(A). ORS 743.737(2)(a)(A) and ORS 743.754(2)(a)(A) prohibit an insurer from applying a preexisting conditions provision, of a health benefit plan covering a small or a large employer respectively, to an enrollee for more than six months after an enrollee's effective date of coverage. From 9/29/05 to 7/10/07, PacifiCare Life applied to 2,891 claims a preexisting conditions provision for more than six months after an enrollee's effective date of coverage. Subsequently, after the Insurance Division began an investigation, PacifiCare Life took corrective action, reviewed the claims, determined that 2,024 the claims should have been paid rather than denied, and paid additional benefits plus interest.

Failed to Acknowledge and Act Promptly Upon Communication About Claim

PacifiCare Life is subject to enforcement action pursuant to ORS 746.230(1)(b) because of the following circumstances. ORS 746.230(1)(b) prohibits an insurer or other person from failing to acknowledge and act promptly upon communications relating to claims. At all relevant times, a particular person who resided in Oregon was insured under a group health insurance policy issued by PacifiCare Life. On 3/23/06, the person *faxed* to PacifiCare Life, at its Cypress, California office, a first party claim for non-emergency medical services. On 3/27/06, the claimant called PacifiCare Life and was told that PacifiCare Life received the claim. On four occasions between 3/31/06 and 5/4/06, the claimant called PacifiCare Life and was told each time that PacifiCare Life did not have any record of the claim. So on 5/4/06, the claimant *faxed* a copy of the claim to PacifiCare Life. On 5/17/06 and 8/2/06, the claimant called PacifiCare Life and was told that PacifiCare Life did not have any record of the claim. So on 8/8/06, the claimant *mailed by certified mail* another copy of the claim to PacifiCare Life. On 8/23/06 and 9/14/06, the claimant

called PacifiCare Life and was told that PacifiCare Life did not have any record of the claim. So on 10/13/06, the claimant filed with the Insurance Division a complaint about PacifiCare Life. The Insurance Division communicated with PacifiCare Life about the complaint. Finally, on 11/14/06, 236 days after PacifiCare Life received the claim the first time, PacifiCare Life sent a letter to the claimant denying the claim because the claim was for non-emergency medical services provided by a non-participating provider and the policy did not pay for such services.

**Action**

Pursuant to ORS 731.988, PacifiCare Life is assessed a civil penalty of \$46,000.00. 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 (4<sup>th</sup> 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 December 2, 2008

/s/ Nancy J. Monk

[Signature of Representative]

Nancy J. Monk

[Printed Name of Representative]

Senior Vice President Regulatory Affairs

[Printed Title of Representative]

PacifiCare Life Assurance Company

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**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.

Pursuant to ORS 731.264, the stipulation and final order, and any communication between PacifiCare Life and the director relative thereto, shall not be offered or received as evidence in, or otherwise used in any action, suit, or proceeding except in this administrative proceeding and in any other proceeding instituted by the director pursuant to ORS 731.256. Further, the stipulation and final order shall not compromise the rights, positions, claims, and defenses of PacifiCare Life with respect to any person not a party to this administrative proceeding.

Dated December 30, 2008

/s/ Cory Streisinger  
Cory Streisinger  
Director  
Department of Consumer and Business Services

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