STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of: HEALTH NET HEALTH PLAN OF OREGON, INC, Respondent.	Case No. INS-18-0036 ORDER TO CEASE AND DESIST, FINAL ORDER IMPOSING CIVIL PENALTY AND CONSENT TO ENTRY OF ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon ("Director"), acting in accordance with Oregon Revised Statutes ("ORS") chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750 ("Insurance Code"), has conducted an investigation into the insurance related activities of Health Net Health Plan of Oregon, Inc. ("Respondent").

Respondent wishes to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed on this Order, Respondent hereby CONSENTS to entry of this Order.

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350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

FINDINGS OF FACT

The Director FINDS that:

1. Respondent is an Oregon corporation licensed as a domestic insurer, has been so licensed since June 22, 1989, and provides health insurance coverage in Oregon. Respondent's business and mailing address is 13221 SW 68th Parkway, Suite 200, Tigard, OR 97223. Respondent's NAIC company code is 95800.

2. From 2012 through 2017, Respondent received 30 applications from Oregon consumers for independent external review ("IRO Request") of adverse benefit decisions made by Respondent. Respondent forwarded 26 of the 30 IRO Requests to the appropriate independent review organization.

3. For four of the IRO Requests, Respondent made the determination that the IRO Request did not meet the criteria and were not qualified for external review. As such, Respondent did not forward the IRO Requests to the appropriate independent review organization. For each of the four IRO Requests, the consumer did not withdraw the application for independent external review.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

4. Pursuant to ORS 731.252(1), whenever the Director has reason to believe that any person has been engaged or is engaging or is about to engage in any violation of the Insurance Code, the Director may issue an order to discontinue or desist from such violation or threatened violation.

5. Pursuant to ORS 743B.252(1), Respondent was required to have an external review program that allowed enrollees to obtain review by an independent review organization of a dispute relating to an adverse benefit determination by the insurer on one or more of the following: (a) whether a course or plan of treatment is medically necessary, (b) whether a course or plan of treatment is experimental or investigational, (c) whether a course or plan of treatment that an enrollee is undergoing is an active course of treatment for purposes of continuity of care under ORS 743B.225, or (d) whether a course or plan of treatment is delivered in an appropriate health care setting and with the appropriate level of care.

6. Pursuant to Oregon Administrative Rule ("OAR") 836-053-1337, when an enrollee applies to an insurer for independent review of a dispute, the insurer shall review the application and advise the enrollee that the application does or does not meet any of the criteria for independent review. The insurer shall send the application to the independent review organization as provided in ORS 743B.252 unless the enrollee withdraws the application.

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7. Respondent violated OAR 836-053-1337 on four different occasions as described in Paragraph 3 by failing to forward the applications for independent review to the appropriate independent review organization.

8. Pursuant to ORS 731.988(1), the Director may assess CIVIL PENALTIES in an amount not to exceed $10,000 per violation against a person who violates any provision of the Insurance Code or any lawful rule of the Director.

ORDERS

The Director issues the following ORDERS:

9. As authorized by ORS 731.252(1), the Director ORDERS Respondents to CEASE AND DESIST from violating any provision of the Insurance Code or the administrative rules promulgated thereunder.

10. Based upon the foregoing and as authorized by ORS 731.988(1), the Director ORDERS that Respondent pay a CIVIL PENALTY of $1,000 per occurrence for four violations of OAR 836-053-1337 for a total CIVIL PENATY of $4,000.

11. The $4,000 CIVIL PENALTY assessed above is due and payable at the time this Order is returned to the Division.

SO ORDERED this 28th day of June, 2018.

CAMERON C. SMITH, Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Chris Ellertson, state that I am an officer of Health Net Health Plan of Oregon, Inc. and I am authorized to act on its behalf. I have read the foregoing Order, and I know and fully understand the contents hereof. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. Health Net Health Plan of Oregon, Inc. voluntarily and without any force or duress consents to the entry of this Order expressly waiving any right to a hearing in this matter. Health Net Health Plan of Oregon, Inc. understands that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of other violations of the Insurance Code. Health Net Health Plan of Oregon, Inc. will fully comply with the terms and conditions stated herein.

Health Net Health Plan of Oregon, Inc. understands that this Order is a public document.

/s/ Chris Ellertson
Signature

Chris Ellertson
Printed name

CEO
Office held

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ACKNOWLEDGMENT

There appeared before me this 11 day of June, 2018, Chris Ellertson, who was first duly sworn on oath, and stated that she/he was and is an officer of Health Net Health Plan of Oregon, Inc. and that she/he is authorized and empowered to sign this Consent to Entry of Order on behalf of Health Net Health Plan of Oregon, Inc. and to bind Health Net Health Plan of Oregon, Inc. to the terms hereof.

/s/ Sandra Lee Stepp
Signature of Notary Public

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