

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

In the Matter of:

Case No. INS-19-0036

UNITEDHEALTHCARE INSURANCE
COMPANY and UNITED BEHAVIORAL
HEALTH,

ORDER TO CEASE AND DESIST,
FINAL ORDER IMPOSING CIVIL
PENALTY AND CONSENT TO
ENTRY OF ORDER

Respondents.

THIS IS A FINAL 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 UnitedHealthcare Insurance Company and United Behavioral Health (collectively “Respondents”).

Respondents submit to the Director’s jurisdiction and agree to waive the right to notice and an administrative hearing that arise under ORS 183.415 and wish to resolve this matter by consenting to entry of this Final Order.

Now, therefore, as evidenced by the authorized signatures subscribed on this document, the Director issues the following Findings of Fact, Conclusions of Law, and Final Order.

FINDINGS OF FACT

The Director FINDS that:

1. UnitedHealthcare Insurance Company (“UHC”) has been licensed by the Director, by and through the Division of Financial Regulation, previously known as the

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350 Winter Street NE, Suite 410
Salem, OR 97301-3881
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1 Insurance Division (collectively the “Division”), as a foreign insurer since November 1,
2 1972. UHC’s principal place of business is 185 Asylum Street, Hartford, CT 06103.
3 UHC’s National Association of Insurance Commissioners (“NAIC”) Company Code is
4 79413.

5 2. United Behavioral Health (“UBH”) has been licensed by the Director, by and
6 through the Division, as a third party administrator since August 8, 1995. UBH’s
7 principal place of business is 425 Market Street, 14th Floor, San Francisco, CA 94105.
8 UBH’s NAIC National Producer Number is 2014546. UBH provides third party
9 administration of behavioral health services for UHC.

10 3. From January 1, 2014 through November 30, 2018, Respondents received
11 from enrollees 108 appeals (“Appeals”) of adverse benefit determinations.

12 4. Of the Appeals, in 51 instances, Respondents provided acknowledgement of
13 receipt of the appeal to the respective enrollee later than the seventh day after receipt of
14 the Appeal.

15 5. Of the Appeals, in ten instances, Respondents made a decision on the appeal
16 later than the 30th day after receiving notice of the appeal.

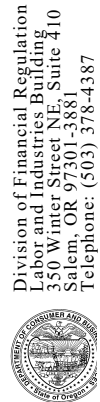
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18 **CONCLUSIONS OF LAW**

19 The Director CONCLUDES that:

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

24 7. Pursuant to ORS 744.740(2) an insurer using a third party administrator is
25 solely responsible for providing competent administration of its programs.

26 8. Pursuant to Oregon Administrative Rule (“OAR”) 836-053-1100(1), an



1 insurer must acknowledge receipt of an appeal from an enrollee not later than the seventh
2 day after receiving the appeal.

3 9. Respondents violated OAR 836-053-1100(1) on 51 occasions by failing to
4 acknowledge receipt of an appeal not later than the seventh day after receiving the appeal
5 as described in Paragraph 4 above.

6 10. Pursuant to OAR 836-053-1100(2), an insurer must make a decision on the
7 appeal not later than the 30th day after receiving notice of the appeal.

8 11. Respondents violated OAR 836-053-1100(2) on ten occasions by failing to
9 make a decision on an appeal not later than the 30th day after receiving notice of the
10 appeal as described in Paragraph 5 above.

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

14
15 **ORDERS**

16 The Director issues the following ORDERS:

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

20 14. Based upon the foregoing and in accordance with ORS 731.988(1), the
21 Director ORDERS Respondents pay a total CIVIL PENALTY of \$50,000 as follows:

22 A. A CIVIL PENALTY of \$30,000 for violations of OAR 836-053-1100(1) as
23 described in Paragraph 9 above.

24 B. A CIVIL PENALTY of \$20,000 for violations of OAR 836-053-1100(2) as
25 described in Paragraph 11 above.

26 15. The Director agrees to SUSPEND the collection of \$20,000 of the \$50,000

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1 total CIVIL PENALTY assessed above, so long as Respondents comply with all terms
2 and conditions of this Order and all requirements of the Insurance Code and any
3 administrative rules promulgated thereunder. If, during the two year period following the
4 effective date of this Order, Respondents comply with the terms of this Order, including,
5 but not limited to, the timely acknowledgment and processing of appeals in accordance
6 with the same provisions of the Insurance Code identified in this Order, the Director
7 WAIVES the collection of the \$20,000 suspended CIVIL PENALTY.

8 16. The remaining \$30,000 CIVIL PENALTY that is not suspended is due and
9 payable at the time this Order is returned to the Division.

10 17. This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that
11 provision, entry of this Order in no way limits or prevents further remedies, sanctions, or
12 actions which may be available to the Director under Oregon law to enforce this Order,
13 for violations of this Order, for conduct or actions of Respondents that are not covered by
14 this Order, or against any party not covered by this Order.

15 SO ORDERED this 21st day of August, 2019.

16
17 CAMERON SMITH, Director
18 Department of Consumer and Business Services

19
20 /s/ Dorothy Bean
21 Dorothy Bean, Chief of Enforcement
22 Division of Financial Regulation

23
24
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1 CONSENT TO ENTRY OF ORDER

2 I, Matthew J Hedman, state that I am an officer of United
3 Behavioral Health and I am authorized to act on its behalf. I have read the foregoing
4 Order, and I know and fully understand the contents hereof. I have been advised of the
5 right to a hearing and of the right to be represented by counsel in this matter. United
6 Behavioral Health voluntarily and without any force or duress consents to the entry of
7 this Order expressly waiving any right to a hearing in this matter. United Behavioral
8 Health understands that the Director reserves the right to take further actions to enforce
9 this Order or to take appropriate action upon discovery of other violations of the
10 Insurance Code. United Behavioral Health will fully comply with the terms and
11 conditions stated herein.

12 United Behavioral Health understands that this Order is a public document.

13 /s/ Matthew J. Hedman
14 Signature

15 Matthew J. Hedman
16 Printed name

17 Vice President, CFO
18 Office held

19 ACKNOWLEDGMENT

20 There appeared before me this 31 day of July,
21 2019, Matthew Hedman, who was first duly sworn on oath, and stated that
22 she/he was and is an officer of United Behavioral Health and that she/he is authorized
23 and empowered to sign this Consent to Entry of Order on behalf of United Behavioral
24 Health and to bind United Behavioral Health to the terms hereof.

25 /s/ Amy R Saavedra
26 Signature of Notary Public

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