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

In the Matter of:	**Case No. INS-16-0320**
AMERICAN SPECIALTY HEALTH GROUP, INC.,	**ORDER TO CEASE AND DESIST, FINAL ORDER ASSESSING CIVIL PENALTY AND CONSENT TO ENTRY OF ORDER**
Respondent.	**THIS IS A FINAL ORDER**

The Director of the Department of Consumer and Business Services ("DCBS") for the State of Oregon ("the Director") has determined that Respondent, American Specialty Health Group, Inc., a licensed third party administrator, did not comply with ORS 746.230(1)(a) and (d) (unfair claims settlement practices), with respect to certain healthcare service claims that ASH denied.

Respondent submits to the Director's jurisdiction and agrees to waive their rights to notice and an administrative hearing that arise under ORS 183.415, and without admitting or denying the factual allegations herein, 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 Final Order:

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

I. FINDINGS OF FACT

The Director FINDS that, at all times relevant to this Final Order:

1. American Specialty Health Group, Inc. ("ASH") is a California domiciled, third party administrator that is licensed by DCBS (License Number 0100162001). The company is located at 10221 Wateridge Circle, San Diego, California, 92121. ASH is

contracted with Providence Health Plan ("PHP"), an Oregon insurer, to adjudicate certain alternative healthcare benefit claims, including massage therapy, for some PHP plans as delegated by PHP.

2. On or about February 2, 2015, a chiropractic provider ("the Chiropractor") based in Portland, Oregon, filed a complaint with DCBS regarding ASH's handling of seven claims for massage therapy.

3. The Chiropractor, who is a contracted provider with ASH to perform massage therapy services for plans delegated to ASH, alleged that its patient ("LB") received massage therapy services on seven occasions in January 2014. The dates of service were January 3, 6, 7, 13, 15, 20, and 22. The Chiropractor further alleged that, prior to performing the services, the Chiropractor confirmed LB's eligibility for such services with PHP.

4. In and between September 2014 to December 2014, the Chiropractor billed each massage therapy service as a separate claim to ASH. ASH denied the initial claims because LB's eligibility was not verified by the eligibility file that PHP had provided ASH. The Chiropractor resubmitted the claims four times; each claim was denied based upon LB's ineligibility.

5. On December 30, 2014, a PHP representative informed an Eligibility Research Representative for ASH that LB was, in fact, eligible for massage therapy, but ASH was not delegated to manage the massage therapy benefit under LB's plan.

6. On January 15, 2015, the Chiropractor filed an appeal on the denials, alleging that LB's massage therapy was a covered benefit. ASH denied the appeal on January 20, 2015, because "this Member did not have massage therapy benefits administered by ASH Group through their health plan at the time of service."

7. After the appeal was denied, a DCBS Consumer Advocate inquired into the Chiropractor's allegations by contacting PHP. PHP responded to the inquiry on

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March 25, 2015, informing DCBS that LB's group plan included massage therapy as a covered benefit.

8. On or about March 25, 2015, ASH communicated with PHP. In that communication, PHP informed ASH that LB was eligible for massage therapy benefit through PHP's delegation to ASH for the period effective January 1, 2014 to December 31, 2014; thus, at the time of service, LB was, in fact, eligible for services that PHP had delegated to ASH. ASH subsequently paid five of the claims; two were denied for medical necessity.

9. As part of its investigation, DCBS reviewed LB's Summary Benefit sheet. The Summary Benefit is a document that summarizes a member's covered benefits. LB's Summary Benefit sheet states at the top of the page: "Copay $25 massage therapy."

10. ASH has been cooperative with DCBS during the investigation.

II. CONCLUSIONS OF LAW

The Director CONCLUDES that:

1. Paragraphs 1-10 are incorporated.

2. The Director of DCBS has general jurisdiction over the underlying subject matter described above and enforcement authority over ASH. *See* ORS 731.236 and ORS 731.256, respectively.

2. ASH is a licensed third party administrator. ORS 744.702.

3. As a third party administrator for an insurer, ASH is subject to ORS 746.230(1)(a) and (d), which provides in relevant part: "No insurer or other person shall commit or perform any of the following unfair claim settlement practices… (a) Misrepresenting facts or policy provisions in settling claims [ ] (d) Refusing to pay claims without conducting a reasonable investigation based on all available information."

4. In denying the Clinic's appeal, ASH misrepresented LB's eligibility, in violation of ORS 746.230(1)(a).

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5. In refusing to pay the Clinic's claims for massage therapy, ASH violated ORS 746.230(1)(d), since reasonable investigation would have shown that at the times of service, LB was eligible with ASH and PHP for massage therapy.

6. Pursuant to ORS 731.988(1), the Director may impose a civil penalty of up to $10,000 per violation upon any person who violates any provision of the Insurance Code, ORS 731.004, *et seq*.

III. ORDER

The Director issues the following Orders:

1. As authorized by ORS 731.252(1), the Director Orders Respondent to Cease and Desist from violating any provision of the Oregon Insurance Code or the administrative rules promulgated thereunder.

2. As authorized by ORS 731.988(1), the Director assesses a total civil penalty of three thousand dollars (US $3,000), for violating ORS 746.230(1)(a) and (d). The civil penalty is due and payable at the time this Final Order is returned to the Division. A payment coupon is attached to this Final Order.

3. Respondent ASH stipulates and agrees that the civil penalty assessed in Paragraph 2 of Section III is not dischargeable under 11 U.S.C. 523(a)(7).

4. This ORDER is a Final Order under ORS 183.310(6)(b). Subject to that provision, the entry of this Order does not limit other remedies that may be available to the Director under Oregon law.

SO ORDERED this 20th day of January, 2017.

PATRICK M. ALLEN, Director
Department of Consumer and Business Services

/s/ David C. Tatman
David C. Tatman, Chief of Enforcement
Division of Financial Regulation

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CONSENT TO ENTRY OF FINAL ORDER

I, Robert P. White, state that I am and was at all relevant times to this Final Order, the President & Chief Operations Officer for American Specialty Health Group, Inc., and I am authorized to act in its behalf. I have reviewed the foregoing Final Order. American Specialty Health Group, Inc., has been represented by counsel in this matter or has had the opportunity to be represented by counsel in this matter, and voluntarily consents to enter into this Final Order. American Specialty Health Group, Inc., understands that this Final Order is a public document.

/s/ Robert P. White _____ 01/13, 2017
Robert P. White Date

State of _____

County of _____

Subscribed and sworn before me on _____, 2017.

Notary Public

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State of California
County of SAN DIEGO

Subscribed and sworn to (or affirmed) before me on this 13 (Date) day of JANUARY (Month), 20 17 (Year), by
(1) ROBERT P. WHITE
(and (2) N/A),
Name(s) of Signer(s)

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

KIMBERLY DUGAN
Commission # 2111627
Notary Public - California
San Diego County
My Comm. Expires Jun 11, 2019

Signature _____
Signature of Notary Public

Seal
Place Notary Seal Above

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