



**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

TO: Office of the President
United Healthcare of the Midwest
13655 Riverport Drive
Maryland Heights, MO 63043

RE: Missouri Market Conduct Examination #0012-04-HMO
United Healthcare of the Midwest (NAIC #96385)

STIPULATION OF SETTLEMENT
VOLUNTARY FORFEITURE AND ORDER OF DIRECTOR

It is hereby stipulated and agreed by Douglas M. Ommen, Director of the Missouri Department of Insurance, Financial Institutions, and Professional Registration, hereinafter referred to as "Director" or "the Department," and United Healthcare of the Midwest, hereinafter referred to as "UHC," as follows:

WHEREAS, Douglas M. Ommen is the Director of the Department of Insurance, Financial Institutions, and Professional Registration, an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State of Missouri; and

WHEREAS, UHC has been granted certificate(s) of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Department conducted a Market Conduct Examination of UHC and prepared two separate reports, one dated October 4, 2000, and one dated December 13, 2002, but both numbered 0012-04-HMO; and

WHEREAS, the examination report dated October 4, 2000, alleged the following:

1. In some instances, UHC failed to list some of its producers on the Company's listing of

producers that were in the Department's records, failed to notify the Department of the appointment date of some of its employees that received commissions, and paid commissions to one individual who was neither licensed nor appointed with the Company, thereby violating §§375.022 and 354.230, RSMo.

2. In some instances, UHC failed to update language in some of its certificates of coverage, plan summaries, and schedule of benefits as it related to emergency room coverage, thereby violating §§376.1350(12) and 376.1367(1), RSMo.

3. In some instances, UHC used restrictive language in some of its certificates of insurance relating to certain terms, conditions, limitations, exclusions, as well as its authority for determining the availability of benefits under the policies, including policyholders' right to appeal coverage decisions, thereby violating §354.430.0(1), RSMo.

4. In some instances, UHC used language in some of its certificates of coverage pertaining to time frames for handling second level grievances that deviated from the time frames set forth in §§376.1382(2) and 376.1385(2), RSMo.

5. In some instances, although UHC did not assess co-payments for immunizations, UHC used language in its summaries of benefits that erroneously indicated that a member would be assessed a co-payment for immunizations, thereby violating §376.1215.2, RSMo.

6. In some instances, UHC improperly denied coverage to some of its Individual Policy applicants, contrary to requirements contained within the federal Health Insurance Portability and Availability Act (HIPAA).

7. In some instances, UHC allowed and/or participated in a practice of steering members to a group of physicians and/or to another participating provider other than whom the PCP recommended or that the enrollee selected, resulting in an improper restriction on the enrollees' access to the entire network, as required by §§354.603.1(4) and 354.621.2, RSMo.

8. In some instances, UHC failed to file its annual network data with the Department, as required by §354.603.2, RSMo.

9. In some instances, UHC used incorrect language in some of its certificates of coverage and schedules of benefits regarding the payment for diabetes-related services and supplies by requiring a greater deductible or co-payment amount than what is allowed pursuant to §376.385, RSMo.

10. In some instances, UHC failed to timely respond to complaints received from the Department, thereby violating §376.1375, RSMo, and Missouri Regulation 20 CSR 100-4.100.

11. In some instances, UHC's initial review procedures were called into question due to the Company's high level of reversals of denials once a consumer filed a complaint.

12. In some instances, UHC failed to timely respond to the examiners' formal requests and criticisms, thereby violating §374.205, RSMo, and Missouri Regulation 20 CSR 300-2.200(6).

WHEREAS, the examination report dated December 13, 2002, alleged the following:

1. In some instances, UHC failed to pay, deny, suspend, or acknowledge some of its COSMOS and UNET large and small group and individual claims within the timeframes required by Missouri Regulation 20 CSR 100-1.030(1).

2. In some instances, UHC failed to maintain its books and records in a manner such that its claims practices could be readily ascertained, and further did not maintain a claims system that contained sufficient information pertaining to the claims in such detail that pertinent events and the dates of those events could be reconstructed during a market conduct examination, as required by Missouri Regulation 20 CSR 300-2.100 and 20 CSR 300-2.200.

3. In some instances, UHC improperly denied some of its COSMOS and UNET large and small group as well as individual claims, including those related to certain mandated benefits and emergency services, and further failed to pay interest on the claims that were paid late, thereby violating §§354.400(5), 354.362, 375.1007(1), (2), (4), (6), and (12), 376.383.3 and .4, 376.406, 376.1225, 376.1350 (12), 376.1367, and 408.020, RSMo, and Missouri Regulation 20 CSR 400-2.160.

4. In some instances, UHC did not effectuate prompt, fair, and equitable settlement of certain UNET large group claims in which liability had become reasonably clear, including those related to certain mandated benefits, thereby violating §§375.1007(4), 376.383.3, and 376.782, RSMo.

5. In some instances, UHC failed to properly investigate some of its coordination of benefits (COB) claims and applied its own policy limitations when acting as the secondary carrier.

6. In some instances, UHC failed to use the proper standard when determining whether or not certain UNET small and large group claims for emergency room treatment was necessary, and, therefore covered, thereby violating §376.1350(12), RSMo.

7. UHC charged some of its members excessive co-payments, thereby violating §§375.1007(1) and (4), 376.383.3, and 408.020, RSMo, and Missouri Regulation 20 CSR 400-7.100.

8. In some instances, UHC failed to audit its third party administrator, thereby violating §376.1084(3), RSMo.

9. In some instances, UHC failed to timely respond to the examiners' formal requests and criticisms, thereby violating §374.205, RSMo, and Missouri Regulation 20 CSR 300-2.200(6).

WHEREAS, without admitting or denying the above allegations, UHC hereby agrees to take the following remedial actions and agrees to maintain those corrective actions at all times, including, but not limited to, taking the following actions:

1. UHC agrees to take corrective action to assure that the errors noted in above-referenced market conduct examination reports do not recur; and

2. UHC agrees to review all previous immunization or well-baby claims, including all other claims where an immunization charge was possible from January 1, 1999 until January 1, 2000, to determine whether any claims were paid incorrectly, and, if so, to make all necessary readjudications and payments in full, including any applicable interest required under law within 180 days of the date that an Order is entered by the Director finalizing this exam; and

3. UHC agrees to review all of its COB claims dated January 1, 2000, to January 1, 2005, to determine if they were properly adjudicated in accordance with the Company's own policy limitations when acting as the secondary carrier. If the Company finds that any claims were improperly processed, UHC agrees to reprocess those claims and pay them in full, including any applicable interest required under law within 180 days of the date that an Order is entered by the Director finalizing this exam; and

4. UHC agrees to review all of its UNET denied small and large group claims for emergency room treatment dated January 1, 1999 and January 1, 2006, to determine if they were properly adjudicated. If the Company finds that any claims were improperly processed or denied, UHC agrees to reprocess those claims and pay them in full, including any applicable interest required under law within 180 days of the date that an Order is entered by the Director finalizing this exam; and

WHEREAS, UHC, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, which may have otherwise applied to the above referenced Market Conduct Examination; and

WHEREAS, UHC hereby agrees to the imposition of the ORDER of the Director as a result of Market Conduct Examination #0012-04-HMO further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$224,075.

NOW, THEREFORE, in lieu of the institution by the Director of any action for the SUSPENSION or REVOCATION of the Certificate(s) of Authority of UHC to transact the business of insurance in the State of Missouri or the imposition of other sanctions, UHC does hereby voluntarily and knowingly waive all rights to any hearing, does consent to the ORDER of the Director and does surrender and forfeit the sum of \$224,075, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 4-9-07

Steve C. Wall

President
United Healthcare of the Midwest