



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

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

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

RE: Missouri Market Conduct Examination # 0406-46-PPE

**STIPULATION OF SETTLEMENT
AND VOLUNTARY FORFEITURE**

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," and United Healthcare of the Midwest, hereinafter referred to as "UHC-MW," as follows:

WHEREAS, Douglas M. Ommen is the Director of the Missouri Department of Insurance, Financial Institutions, and Professional Registration (hereafter referred to as "the Department"), 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-MW 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-MW and prepared report number 0406-46-PPE; and

WHEREAS, the report of the Market Conduct Examination has revealed that:

1. In some instances, UHC-MW failed to failed to maintain documents to verify that confirmation of receipts of electronic claims were sent within one (1) working day after receiving those electronic claims, in that the Company failed to maintain and track claims that were received by its clearinghouses, which were acting as its third party contractor (TPC), thereby violating §§376.383 and 376.384, RSMo, and 20 CSR 300-2.100 and 20 CSR 300-2.200(3)(B).

2. In some instances, UHC-MW failed to maintain adequate documentation regarding the date an electronic claim submission was received, accepted, and rejected by its TPCs, as well as whether it sent proper explanations of benefits (EOBs) to its members or remittance advices to health care providers submitting claims, thereby violating §§375.1007(12), 376.383, 376.384, and 376.1400.1, RSMo, and 20 CSR 300-2.100 and 20 CSR 300-2.200.

3. In some instances, UHC-MW failed to maintain adequate documentation that its TPCs were properly forwarding rejection notices to claimants and whether the claimants were receiving those rejections, along with the reasons for the rejections, thereby violating §§375.1007(3), and 376.383(9), RSMo, and 20 CSR 300-2.200.

4. In some instances, UHC-MW failed to maintain its claim file documentation in its claim system in a manner that is archival in nature for a period of three (3) years, thereby violating 20 CSR 300-2.200.

5. In some instances, UHC-MW failed to adopt and implement reasonable standards for the prompt investigation and settlement of claims arising under its policies, failed to conduct a reasonable investigation prior to denying the claims, and improperly denied certain claims, thereby violating §375.1007(3), (4), and (6), RSMo.

6. In some instances, UHC-MW failed to pay claims within 45 days, improperly processed claims submitted in which liability has become reasonably clear, and failed to pay interest on claims that were paid after 45 days. These actions thereby violated §§376.1007(4), and 376.383.5, RSMo.

7. In some instances, UHC-MW misrepresenting to claimants relevant facts or policy provisions relating to coverages or claims at issue, thereby violating §376.1007(1), RSMo.

8. In some instances, UHC-MW failed to include certain mandated benefit offers in its applications for coverage, as required by §376.801, RSMo.

9. In some instances, UHC-MW requested a refund or offset against certain claims more than 12 months after payment in cases other than those involving fraud or misrepresentation by the provider, thereby violating §376.384.1(3), RSMo.

10. In some instances, UHC-MW failed to respond to examiner criticisms within 10 working days of receipt of the criticism and failed to provide all files, notes, and work papers pertaining to claims to the examiners upon request in such detail that all pertinent events and the dates of the events could be reconstructed, thereby violating §§376.383.9, RSMo, and 20 CSR 300-2.100 and 20 CSR 300-2.200(3)(B)1.

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

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

2. UHC-MW agrees to review all electronic claims filed between January 1, 2002, and December 31, 2007, that were paid after 45 days of receipt and send interest payment to the claimants with a letter stating that the interest payments are being paid "as a result of findings from a Missouri Market Conduct examination." Additionally evidence will be provided to the Department, within 180 days of the date of the Director's final Order in this matter, that such interest payments have been made.

3. UHC-MW agrees to review all provider grievances and subsequent claims submitted to the Company or its TPCs dated January 1, 2002, through December 31, 2007, to make a determination of liability. If the claim should have been paid, the Company will issue any payments that are due to the claimants, bearing in mind that an additional payment of one per cent (1%) interest is also required, per §376.384, RSMo, for any delayed payments from the date the claim was first received with a letter stating that the payments are being made "as a result of a Missouri Market Conduct examination." Additionally, evidence will be provided to the Department, within 180 days of the date of the Director's final Order in this matter, that such payments have been made.

WHEREAS, UHC-MW, 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.

WHEREAS, UHC-MW hereby agrees to the imposition of the ORDER of the Director set forth below and as a result of Market Conduct Examination #0406-46-PPE further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$202,500.

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-MW to transact the business of insurance in the State of Missouri or the imposition of other sanctions, UHC-MW 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 \$202,500, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 1/17/08

Steve C. Walli
President
United Healthcare of the Midwest