MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

Phone: (360) 725-7000

OFFICE OF
INSURANCE COMMISSIONER

In the Matter of	)	No. G 05-85
	)	
The Market Conduct Examination of	)	FINDINGS, CONCLUSIONS,
	)	AND ORDER ADOPTING REPORT
	)	
Group Health Cooperative	)	OF
	)	MARKET CONDUCT EXAMINATION
Authorized Domestic Health Maintenance Organization.	)	
	)	
Group Health Options, Inc.	)	
	)	
Authorized Domestic Health Care Service Contractor	)	

BACKGROUND

An examination of the market conduct of **Group Health Cooperative and Group Health Options, Inc.** (the Companies) as of March 31, 2004 was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Companies, domiciled in the state of Washington, hold a Washington certificate of registration as a health maintenance organization and health care service contractor, respectively. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions and recommendations was transmitted to the Companies for their comments on September 7, 2005. The Companies' response to the draft report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Companies.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

Mailing Address: P.O. Box 40255 • Olympia, WA 98504-0255
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 36 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of **Group Health Cooperative and Group Health Options, Inc.** and to order the Companies to take the actions described in the Instructions and Recommendations sections of the report. The Commissioner acknowledges that the Companies may have implemented the Instructions and Recommendations prior to the date of this order. The Instructions and Recommendations in the report are an appropriate response to the matters found in the examination.

ORDER

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Companies are ordered as follows, these being the Instructions contained in the examination report on pages 26 and 27.

1. The Companies are ordered to provide their accounts, records, documents, and files to the examiners upon request in order to facilitate the examination process. Reference: RCW 48.44.145(2), RCW 48.46.120(2). (General Examination Standard #2.) Instruction 1.

2. The Companies are ordered to cease using words in their advertisements that exaggerate the benefits of their plans. Reference: WAC 284-50-060(2). (Advertising Standard #4.) Instruction 2.

3. The Companies are ordered to cite the source of statistical information used in their advertisements. Reference: WAC 284-50-110(3). (Advertising Standard #4.) Instruction 3.

4. The Companies are ordered to maintain a complete advertising file and to demonstrate that they have control of the file in one location. Reference: WAC 284-50-200. (Advertising Standard #5.) Instruction 4.

5. The Companies are ordered to provide amended explanations of benefits to their members if original payment is modified in any way. Reference: RCW 48.43.530(3). (Complaints Standard #2.) Instruction 5.

6. The Companies are ordered to pay or deny all claims according to prescribed minimum standards. Reference: WAC 284-43-321(2). (Claims Standard #5.) Instruction 6.

7. The Companies are ordered to conduct review determinations within two (2) business days of receipt of necessary information on proposed admissions or services requiring review determinations. Reference: WAC 284-43-410(5)(a). (Claims Standard #7.) Instruction 7.

8. The Companies are ordered to assure that agents and brokers hold an appropriate license prior to soliciting business or representing the Companies. Reference: RCW 48.17.060(1), RCW 48.17.060(2), RCW 48.44.011(2), RCW 48.46.023(2). (Agent Activity Standard #1.) Instruction 8.

9. The Companies are ordered to appoint agents to represent the Companies prior to allowing agents to solicit business. Reference: RCW 48.17.160(1), RCW 48.44.011(2), RCW 48.46.023(2). (Agent Activity Standard #2.) Instruction 9.

10. The Companies are ordered to file their rates prior to use. Reference: RCW 48.44.040, RCW 48.46.062(3), WAC 284-43-920. (Rate and Form Filing Standard #2.) Instruction 10.

11. The Companies are ordered to audit their 2003 groups that were sold the Options Classic and/or Alliant Plus plans. Refunds of overcharges resulting from the unfiled stop loss fees must be issued within 90 days from the adoption of the report. The Companies will notify the OIC of the results of the audit and the amounts of the refunds to each group. RCW 48.44.040, RCW 48.46.062(3), WAC 284-43-920. (Rate and Form Filing Standard #2.) Instruction 11.

12. The Companies are ordered to file their provider contract forms with the OIC and to obtain approval from the OIC prior to use. Reference: RCW 48.44.070, RCW 48.46.243(3), WAC 284-43-330. (Provider Activity Standard #2.) Instruction 12.

13. The Companies are ordered to consider treating appeals of claim denials from providers the same as any other adverse determinations and notify appropriate parties of their decisions within 14 days of receipt of any appeal. Reference: WAC 284-43-620. (Complaints Standard #5.) Recommendation 1.

IT IS FURTHER ORDERED THAT, the Companies file with the Chief Market Conduct Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 27th day of October, 2005.

MIKE KREIDLER
Insurance Commissioner