MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

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OFFICE OF
INSURANCE COMMISSIONER

In the Matter of	)	No. G 06-46
	)	
The Market Conduct Examination of	)	FINDINGS, CONCLUSIONS,
	)	AND ORDER ADOPTING REPORT
Molina Healthcare of Washington, Inc.	)	OF
	)	MARKET CONDUCT EXAMINATION
	)	
Authorized Domestic Health Maintenance	)	
Organization	)	

BACKGROUND

An examination of the market conduct of **Molina Healthcare of Washington, Inc.** (the Company) as of March 31, 2005 was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Company, domiciled in the state of Washington, holds a Washington certificate of registration as a health maintenance organization. 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 comments and recommendations was transmitted to the Company for its comments on March 30, 2006. The Company's response dated April 18, 2006 is attached to this order only to provide convenient review.

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

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.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 18 of the report.

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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 **Molina Healthcare of Washington, Inc.** and to order the Company to take the actions described in the Instructions and Recommendations sections of the report. The Commissioner acknowledges that the Company 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 Company is ordered as follows, these being the Instructions contained in the examination report on page 15.

1. The Company is ordered to ensure that one-third of its board of directors is made up of consumers representative of the enrolled population. Reference: RCW 48.46.070(1). (Company Operations and Management Standard #3.)

2. The Company is ordered to ensure that its claim processing delegates track COB savings as required. Reference: WAC 284-51-050(7). (Claims Standard #8.)

3. The Company is ordered to implement and communicate procedures to its delegated entities to ensure that claims subject to coordination of benefits are processed in the same manner. Reference: WAC 284-51-100. (Claims Standard #8.)

4. The Company is ordered to discontinue use of provider contract forms that have not been approved by OIC, to file for approval with the OIC all provider contract forms, and to re-contract all providers using the new form(s) when approved for use by the OIC. Reference: RCW 48.46.243(3), WAC 284-43-330. (Provider Activity Standard #2 and Provider Activity Standard #4.)

5. The Company is ordered to inform the OIC of its plan for distribution of filed and approved provider contracts to its provider network within 90 days of adoption of the examination report. Reference: WAC 284-43-331. (Provider Activity Standard #4.)

6. Due to the Company's inability to retrieve consistent data with identical parameters and its inability to adequately explain discrepancies in its claims

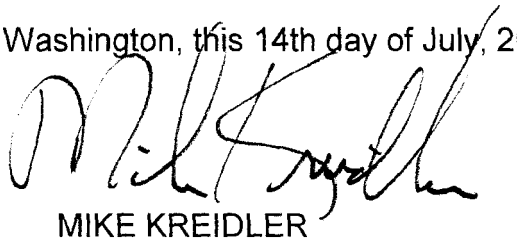
database, it is ordered that the Company consider implementing system and audit controls to ensure the integrity of the information maintained in its database. (Claims Review.)

7. It is ordered that the Company consider implementing procedures and reporting requirements to ensure that all delegated entities are adhering to prompt pay standards. Reference: WAC 284-43-321(2). (Claims Standard #5.)

8. It is ordered that the Company consider actually testing the records of its delegates rather than relying on self-audits performed by the delegates. Reference: WAC 284-43-321(2). (Claims Standard #5 and Claims Standard #8.)

IT IS FURTHER ORDERED THAT, the Company 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 14th day of July, 2006.



MIKE KREIDLER
Insurance Commissioner