Government of the District of Columbia
Department of Insurance and Securities Regulation

Anthony A. Williams
Mayor

Lawrence H. Mirel
Commissioner

In the Matter of	)	
	)	
	)	BEFORE THE DEPARTMENT OF INSURANCE
	)	AND SECURITIES REGULATION
Group Hospitalization and	)	
Medical Services, Inc.	)	
	)	Examination Order No.
	)	(DC-00-06-03)
	)	

ORDER

CONSENT AGREEMENT

WHEREAS, the District of Columbia, Department of Insurance and Securities Regulation ("hereinafter "Department"), conducted a Market Conduct Examination of Group Hospitalization and Medical Services, Inc. (hereinafter "Respondent"), in accordance with the District of Columbia Code, Section 35-3602 (1997 Repl.) at its offices at 550 12th Street, SW, Washington, D.C. 20065, for the period covering January 1, 1998 through December 31, 1998.

WHEREAS, the Market Conduct Examination disclosed apparent exceptions by the Respondent.

WHEREAS, the Respondent agrees to make the following corrective actions as recommended by the Department:

1. The Respondent shall comply with all appropriate provisions of Consent Order Number 93-09.

2. The Respondent shall review the claims adjudication process to isolate the cause(s) of the large number of claim related complaints, of which seventy-five percent (75%) are later overturned, and adjudicate them in accordance with policy provisions in the first place.

3. During the course of the examination, the Company circulated an internal memo recommending the 1998 and

1999 advertising Certificates of Compliance be filed with DISR immediately. This procedure shall be added to the list of annual filing requirements.

4. The Respondent shall institute new procedures to assure that certificates of creditable coverage are issued in a timely manner and only to those cancelled members who, by law, should receive the certificate.

5. The Respondent shall make the necessary changes to the system to assure proper documentation of certificates being issued, printed and mailed.

6. The Respondent shall institute an additional training and marketing campaign, which focuses primarily on the Health Insurance Portability "HIPAA" eligible individual, not group coverage. At a minimum, the training program should include both internal sales personnel and independent brokers.

7. The Respondent's internal audit department shall monitor the denials for individual coverage, to determine continued compliance with the guaranteed issue requirements of HIPAA.

8. The required disclosure of employees shall be reviewed and rewritten to conform with the required provisions of HIPAA.

9. The Respondent shall retain and produce all files and documentation necessary for examinations and required by law.

10. The Respondent shall have the internal audit department review the group declinations to assure continued compliance with HIPAA.

11. The Respondent shall make necessary notifications to its definition of a small group and the rate quote system to include groups of exactly fifty.

12. The Respondent shall exercise greater diligence in determining coverage during the adjudication process before inappropriately denying claims based on pre-existing condition exclusions. If the Other Coverage (OC) notation indicates there is no pre-existing condition exclusion, then claims should not be denied on that basis.

13. The Respondent shall immediately file the appropriate rating rules related to the HIPAA rating load with the Insurance Department for approval.

14. The Respondent shall either use the same application for the medically underwritten product and the HIPAA product or develop an alternative mechanism where the applicant is not required to fill out another application if rejected by medical underwriting.

15. The Respondent shall have the internal audit department review the individual application underwriting process and denials assure continued compliance with HIPAA.

16. The Respondent shall provide correct information to producers about the HIPAA individual product and include regular updates and additional information in the quarterly newsletter to brokers.

17. The Respondent shall provide correct information to producers about the HIPAA individual product and include regular updates and additional information in the quarterly newsletter to brokers.

18. The Respondent shall amend all appropriate contract forms and contracts in force to delete such termination provisions.

WHEREAS, the Respondent proffers that the exceptions alleged, supra, were not willful, but instead a result of inadvertence and/or administrative oversight.

WHEREAS, the Department, based on the information submitted by the Respondent is satisfied that the exceptions alleged, supra, were not willful and that corrective action is now being taken;

WHEREAS, the Respondent wishes to resolve said violations by entering into a Consent Agreement with the Department of Insurance and Securities Regulation, subject to the approval of the Department's Commissioner, as follows:

WHEREAS, the Respondent waives his right to further notice and hearing in this matter and admits that it violated the following foregoing provisions of the District of Columbia's Insurance Laws:

1. The Respondent shall pay an administrative settlement of Ten Thousand dollars ($10,000.00) as a result of said violations.

2. The Department of Insurance and Securities Regulation hereby accepts the administrative settlement, supra.

Dated: District of Columbia

Aug 31, 2000

DEPARTMENT OF INSURANCE AND SECURITIES REGULATION

By: _____
Rhonda K. Davis
Attorney Advisor

RESPONDENT

By: _____
Group Hospitalization and
Medical Services, Inc.

APPROVED and so ORDERED:
In Witness Whereof, I have hereunto set my hand and affixed the official seal Of this Department at the City of Washington, D.C., this 31 day of ~~June~~ Aug., 2000.

_____
Lawrence H. Mirel, Commissioner

SS: