

MIKE KREIDLER  
STATE INSURANCE COMMISSIONER



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	No. G06-4
	)	
The Financial Examination of	)	FINDINGS, CONCLUSIONS,
<b>GREAT WEST HEALTHCARE OF</b>	)	AND ORDER ADOPTING REPORT
<b>WASHINGTON, INC., f.k.a. ONE HEALTH</b>	)	OF
<b>PLAN OF WASHINGTON, INC.</b>	)	FINANCIAL EXAMINATION

A Registered Health Care  
Service Contractor.

**BACKGROUND**

An examination of the financial condition of **GREAT WEST HEALTHCARE OF WASHINGTON, INC. f.k.a. ONE HEALTH PLAN OF WASHINGTON, INC.** (the Company) as of December 31, 2002, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). The Company holds a Washington certificate of registration as a health care service contractor. 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 and instructions was transmitted to the Company for its comments on December 20, 2005. The Company's response to the 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 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 1 through 19 of the report.

**CONCLUSIONS**

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **GREAT WEST HEALTHCARE OF**

**WASHINGTON, INC. f.k.a. ONE HEALTH PLAN OF WASHINGTON, INC.** and to order the Company to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that the Company may have implemented the Instructions and Comments and Recommendations prior to the date of this order. The Instructions and Comments and Recommendations in the report are an appropriate response to the matters found in the examination.

### **ORDER**

The 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 and Comments and Recommendations contained in the examination report on pages 1-8.

1. The Company is ordered to comply with RCW 48.44.100 and file an accurate statement of its financial condition, transactions, and affairs; with RCW 48.43.097 which requires the filing of its financial statements in accordance with the NAIC AP&P Manual; and with WAC 284-07-050(2) which requires adherence to the NAIC Annual Statement Instructions and the NAIC AP&P Manual. Instruction 1, Examination Report, page 4.
2. The Company is ordered to not use the term "solicitor" when describing the affiliated company relationship between GWL&A and OHPWA as defined in RCW 48.17.010 and RCW 48.17.030, pursuant to RCW 48.44.011(2). Instruction 2, Examination Report, page 5.
3. The Company is also ordered to cease using unlicensed solicitors or agents pursuant to RCW 48.17.060(1) and (2) and RCW 48.17.063. Instruction 2, Examination Report, page 5.
4. The Company is ordered to prepare written agreements that accurately reflect the responsibilities, the terms, conditions, and understandings currently in practice with its related parties and affiliates and file them with the OIC pursuant to RCW 48.31C.050(2), within 90 days of the date of this order. Instruction 3, Examination Report, page 6.
5. The Company is ordered to require related parties and affiliates to deposit premium receipts directly into a premium trust account in the name of OHPWA for the benefit of OHPWA insureds as required in RCW 48.17.600, pursuant to RCW 48.44.011. Instruction 3, Examination Report, page 6.
6. The Company is ordered to comply with RCW 48.31C.050(1)(a)(d) by maintaining

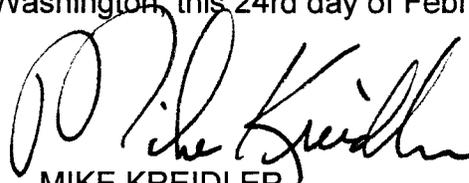
sufficient accounting records to support the reasonableness of the fees charged, and to abide by the administrative services agreement that was filed with the OIC. Instruction 4, Examination Report, page 8.

7. The Company is ordered to comply with RCW 48.31C.050(1)(d) and maintain its books, accounts, and records so that the nature and details of the transactions are clearly and accurately disclosed. Instruction 5, Examination Report, page 8.
8. The Company is ordered to consider recommending that the BOD minutes include an acknowledgement that the conflict of interest statements have been completed by all appropriate persons and potential conflicts of interest have been disclosed. Comments and Recommendations 1, Examination Report, page 8.

IT IS FURTHER ORDERED THAT, the Company file with the Chief 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.

IT IS FURTHER ORDERED THAT, the Company's report to the Chief Examiner will detail the Company's retention of sufficient, qualified consultants or personnel to fully and adequately address the recurring accounting and reporting errors identified in the attached examination report.

ENTERED at Olympia, Washington, this 24rd day of February, 2006.

  
MIKE KREIDLER  
Insurance Commissioner

# GREAT-WEST HEALTHCARE OF WASHINGTON, INC.

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Greenwood Village, CO 80111

State of Washington  
Office of the Insurance Commissioner  
Attn: James T. Odiorne, CPA, JD  
5000 Capitol Blvd.  
Tumwater, WA 98501

RECEIVED  
JAN 20 2006

INSURANCE COMMISSIONER  
COMPANY SUPERVISION

January 19, 2006

RE: Great-West Healthcare of Washington, Inc.  
Examination Report

Dear Mr. Odiorne:

In response to your draft examination report to be issued for Great-West Healthcare of Washington, Inc., (the "Company"), as of December 31, 2002, I just wanted to take the opportunity to provide additional comments.

In the Subsequent Events portion of the Examination Report where it discusses dividends, it states that the \$3,507,733 dividend has not been approved as of the date of the report. While this is true, just as a point of clarification, the Company did make two subsequent dividend request filings that led to dividend payments of \$3,600,000 on November 24, 2004 and \$225,000 on September 15, 2005. I'm not sure if that is relevant to this report, but I just wanted to point that out.

In addition, in Part #3., Service Agreements and Separation of Premium Funds, the last sentence states, in regard to a Solicitor Agreement with GWL&A, that "The Company has not notified the commissioner of the agreement between themselves and GWL&A." I would like to point out that subsequently, on April 28, 2003, the referenced Solicitor Agreement between the Company and GWL&A was attached as part of the Annual Registration Statement filing. As you are aware with the market exit, no new business has been sought for quite some time.

Please contact me with any questions at 303-737-3106, via email at [david.larsen@gwl.com](mailto:david.larsen@gwl.com), or at the address on this letter.

Sincerely,



David Larsen  
Secretary