MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

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OFFICE OF
INSURANCE COMMISSIONER

In the Matter of	)	No. G06-14
	)	
The Market Conduct Examination of	)	FINDINGS, CONCLUSIONS,
	)	AND ORDER ADOPTING REPORT
Pacific Visioncare Washington, Inc.	)	OF
	)	MARKET CONDUCT EXAMINATION
	)	
A Domestic Health Care	)	
Service Contractor	)	

BACKGROUND

An examination of the market conduct of **Pacific Visioncare 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 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, instructions, and recommendations was transmitted to the Company for its comments on January 18, 2006. 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 3 through 19 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 **Pacific Visioncare 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, this being the Instructions and Recommendations contained in the examination report on page 16.

1. The Company is ordered to ensure that agents and brokers are licensed prior to allowing them to solicit business on behalf of the Company. Reference: RCW 48.17.060(1), RCW 48.17.060(2), RCW 48.44.011(2). (Agent Activity Standard #1) (Instruction 1, Page 16)

2. The Company is ordered to appoint agents to represent the Company prior to allowing them to solicit business. Reference: RCW 48.17.160, RCW 48.44.011(2). (Agent Activity Standard #2) (Instruction 2, Page 16)

3. The Company is ordered to notify its inforce groups of the material changes to its contracts. Reference: RCW 48.44.040, WAC 284-43-920. (Rate and Form Filing Standard #1) (Instruction 3, Page 16)

4. The Company is ordered to amend its contract language to reflect that a dependent child cannot be denied coverage because the child does not reside with the enrolled parent. The Company is ordered to notify all covered members of the correct enrollment provisions no later than 90 days after the adoption of this report. Reference 48.01.235. (Underwriting Standard #1) (Instruction 4, Page 16)

5. The Company is ordered to provide at least 60 days written notice to a participating provider if the provider contract is being terminated without cause. The Company is ordered to assure that the provider's regular patients receive a 15 working day notice of the termination. Reference: WAC 284-43-320(7). (Provider Activity Standard #2)

Instruction 5, Page 16)

6. The Company is ordered to adopt standards for the selection of participating providers and facilities. Reference: WAC 284-43-310(1)(a) and (b). (Provider Activity Standard #3) (Instruction 6, Page 16)

7. The Company is ordered to consider performing regular audits of the claims processed by its third party administrator. (Claims Processing) (Recommendation 1, Page 16)

8. The Company is ordered to consider the adoption of written procedures for the licensing and appointment of agents. (Agent Licensing and Appointment Procedures) (Recommendation 2, Page 16)

9. The Company is ordered to consider adopting written underwriting procedures. (Underwriting Procedures) (Recommendation 3, Page 16)

10. The Company is ordered to consider providing timely and accurate reporting of its participating providers to its third party administrator. (Administrative Contracts) (Recommendation 4, Page 16)

11. The Company is ordered to consider the implementation of audit standards and conduct regular audits of its third party administrators to assure accuracy, compliance, and operational uniformity. (Administrative Contracts) (Recommendation 5, Page 16)

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 March of 2006.

MIKE KREIDLER
Insurance Commissioner