

Cairns, Kelly (OIC)

From: Brian Kreger [bk@kregerbeeghly.com]
Sent: Tuesday, November 27, 2012 12:42 PM
To: Pastuch, Ron (OIC); Cairns, Kelly (OIC); Reynolds, Kate (OIC)
Cc: sb@kregerbeeghly.com; Klopfer, Tibor D.; 'Danilson, Jared R.'; 'Kimpel, Jason D.'; bk@kregerbeeghly.com
Subject: RE: CONFIDENTIAL: Responses to WellPoint/Amerigroup Form A Questions
Attachments: Oct 16 Exhibits 1-A and 1-B, supplemented Nov 27.pdf.pdf

FILED

2012 NOV 27 P 12:43

Patricia D. Petersen
Chief Hearing Officer

Ron, Kate, and Kelly:

Thank you, Ron, for your email, and your reference to the 2012 fine levied by NY. Judge Petersen's November 20 letter to me asked whether Exhibits 1-A and 1-B (i.e., the exhibits you attached and referenced in your email below) "include all such **significant** regulatory actions for the past seven years (i.e., from calendar year 2005 to the date of this letter)? If not, please submit a complete list." My November 26 letter to Judge Petersen indicated that such exhibits did in fact list and include all significant regulatory actions for the past seven years. However, we now recognize that a couple regulatory actions were inadvertently missed.

Attached to this email is an updated Exhibit 1-A and 1-B, which includes a Supplemental Exhibit 1-B. Supplemental Exhibit 1-B lists two additional significant regulatory actions, including the 2012 civil penalty levied by New York (#2012-00240S). It also includes another regulatory action in New Hampshire, which was subsequently discovered by WellPoint. WellPoint relies on a wide network of employees to monitor, track and report such regulatory actions into a centralized location. Unfortunately, these two actions were inadvertently overlooked. WellPoint apologizes for this oversight.

Finally, with respect to the attached Exhibit 1-A, Exhibit 1-B and Supplemental Exhibit 1-B, **WellPoint hereby retracts its request for confidential treatment of these exhibits** (and you will note that these copies of the exhibits are not stamped "confidential"). Furthermore, WellPoint now confirms and verifies that to the best of its knowledge all significant regulatory actions (which your October 11 email and Judge Petersen's November 20 letter indicated were actions involving a fine levied on WellPoint in the amount of \$100,000 or more) for the past seven years, including 2012 to date, have now been listed and disclosed. WellPoint also further commits to update the attached exhibits if any additional significant regulatory actions are discovered prior to the hearing for this matter.

Thanks again for drawing this to our attention. I apologize for any inconvenience this inadvertent oversight may have caused. If you have any questions, please feel free to contact me by phone or e-mail any time.

Brian

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From: Pastuch, Ron (OIC) [<mailto:RonP@OIC.WA.GOV>]
Sent: Tuesday, November 27, 2012 9:57 AM
To: Brian Kreger
Cc: Reynolds, Kate (OIC); Cairns, Kelly (OIC)
Subject: RE: CONFIDENTIAL: Responses to WellPoint/Amerigroup Form A Questions

Good morning, Brian.

We noted the attached exhibit appears to include regulatory actions up to the end of 2011. We noted an early 2012 fine levied by NY (#2012-0024-S) that does not appear in the exhibit. Can you please verify with your client that the exhibit includes all regulatory actions during 2012? Also, since this exhibit was marked confidential, please provide the statute that protects this information from public disclosure.

Thank you,

Ron Pastuch

Holding Company Manager

Company Supervision Division

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IRS CIRCULAR 230 DISCLOSURE: To ensure compliance with applicable requirements of the Internal Revenue Service, we inform you that, to the extent any advice relating to a Federal tax issue is contained in this communication, including in any attachments, it was not written or intended to be used, and cannot be used, for the purpose of (a) avoiding any tax related penalties that may be imposed on you or any other person under the Internal Revenue Code, or (b) promoting, marketing or recommending to another person any transaction or matter addressed in this communication.

Exhibit 1-A

Significant Regulatory Actions from 2005 to Present

(impositions of insurance company/HMO license revocations, suspensions and surrenders; ordered by date)

COMPANY	DESCRIPTION	DATE	STATE(S)
UNICARE Health Plan of Virginia, Inc.	surrendered in connection with the merger with and into HealthKeepers, Inc.	1/1/2006	VA
UniCare Life & Health Insurance Company	license renewal fee was not paid due to a change of personnel responsible for the accounting function for the company and the license lapsed; the problem was rectified as soon as it was identified	2008	Puerto Rico
WellChoice Insurance of New Jersey	licenses surrendered in anticipation of dissolution	2008	AL, AK, IL, MO, NJ, NM, PA, AD, TN, WV, WY
Anthem Insurance Companies, Inc.	no business; license was surrendered per statute language that companies not doing business for a period of 5 years or more must surrender	10/9/2008	FL
OneNation Insurance Company	no business and license was surrendered to eliminate the cost of maintaining the license	12/31/2008	Virgin Islands
Peninsula Health Care, Inc.	surrendered in connection with the merger with and into HealthKeepers, Inc.	10/1/2010	VA
Priority Health Care, Inc.	surrendered in connection with the merger with and into HealthKeepers, Inc.	10/1/2010	VA
Healthy Alliance Life Insurance Company	only conducting business in a few core states and remaining licenses surrendered to eliminate the cost of maintaining the license as well as capital and surplus requirements plus special deposits	2010/2011	AL, AR, AZ, CA, CO, DF, DC, HI, ID, IN, IA, LA, MD, MS, MT, NE, NV, NM, NC, ND, OH, OK, OR, PA, SC, SD, TN, TX, UT, VA, WA, WV, WI

Exhibit 1-B

Significant Regulatory Actions from 2005 to Present
(fines of \$100,000 or more; ordered by date)

ENTITY	AMOUNT	ACTION	DOCUMENTATION	DATE	STATE
Blue Cross of California	\$120,000	alleged violations of Health and Safety Code sections 1374.34(b) and 1386(b)(7) and Rules 1300.74,30(y) and (j)(1)(B)	accusation	2005-04	CA
Blue Cross of California	\$150,000	for deficiencies identified in a non-routine behavioral health survey		2005-07	CA
Blue Cross of California	\$150,000	processing errors with respect to credit and debit card premium payments (matter 05-181)	letter of agreement	2005-08	CA
Empire HealthChoice Assurance, Inc. and Empire HealthChoice HMO, Inc.	\$500,000	civil penalty in connection with examination findings that alleged violations of NY insurance laws	stipulation	2006-03	NY
Blue Cross of California	\$200,000	failure to properly pay interest and penalties (matter 05-237)	letter of agreement	2006-06	CA
Blue Cross of California	\$200,000	wrongful rescission of an enrollee's health care coverage (matter 06-214)	accusation	2006-09	CA
Blue Cross Blue Shield Healthcare Plan of Georgia, Inc.	\$300,000	penalty in connection with market conduct examination findings	consent order	2006-10	GA
Blue Cross and Blue Shield of Georgia, Inc.	\$300,000	penalty in connection with market conduct examination findings	consent order	2006-10	GA
Anthem Health Plans of Virginia, Inc.	\$105,000	settlement in connection with findings from a market conduct examination of the company's non-financial business that alleged violations of business practices that	settlement order	2007-07	VA
Rocky Mountain Hospital and Medical Service, Inc.	\$1,505,100	administrative assessment for record keeping, claim processing and notice deficiencies related to a claims system conversion (initial consent order required fine of \$1 million with the option for additional assessments if quarterly corrective tasks were not accomplished – \$500K fine for Q1 2008 and \$5,100 fine for Q2-Q4 of 2008 were levied)	consent order	2008-01	NV
Rocky Mountain Hospital and Medical Service, Inc.	\$290,000	civil penalty to the Colorado Division of Insurance in connection with various issues raised following a routine market conduct examination.	final agency order	2008-07	CO
HMO Colorado, Inc.	\$252,000	civil penalty to the Colorado Division of Insurance in connection with various issues raised following a routine market conduct examination.	final agency order	2008-07	CO
Rocky Mountain Hospital and Medical Service, Inc.	\$500,000	administrative assessment for failure to meet deadlines to correct deficiencies in its claim processing procedures	stipulation and supplemental order	2008-08	NV
Blue Cross of California	\$10,000,000	administrative fine for engaging in the practice of post-claims underwriting	stipulated settlement agreement	2008-08	CA
Anthem Blue Cross Life and Health Insurance Company	\$1,000,000	penalty in connection with findings from a market conduct examination that alleged violations of the California Insurance Code	stipulation and waiver; order	2009-02	CA
Anthem Health Plans of New Hampshire, Inc.	\$150,000	fine in connection with findings from a market conduct examination of the company's Medicare Supplement products	consent order	2009-06	NH
Blue Cross of California	\$2,500,000	settlement agreement re: undertakings entered at time of change in control associated with WellPoint/Anthem merger (matter 07-357)	stipulated settlement agreement	2009-11	CA
Blue Cross of California	\$100,000	failure to timely provide documents to the Division of Licensing to verify the adequacy of its new stand-alone network (matter 10-077)	stipulation and order	2010-04	CA
Anthem Health Plans of New Hampshire, Inc.	\$100,000	fine imposed for having NH groups with over 25 VT subscribers, which is a violation of VT law	stipulation and consent order	2010-05	VT

ENTITY	AMOUNT	ACTION	DOCUMENTATION	DATE	STATE
Community Insurance Company	\$5,900,000	refund or credit to policyholders who were charged rates that were not consistent with the rates filed with the Ohio Department of Insurance	consent order	2010-06	OH
Blue Cross of California	\$500,000	failure to pay claims timely, to pay interest on late claims, and to include fee for failing to include interest; failure to establish and maintain a dispute resolution mechanism; time limits for reimbursement, contest, or denial of certain claims (matter 10-002)	letter of agreement	2010-11	CA
Anthem Health Plans of Kentucky, Inc.	\$300,000	civil penalty in connection with findings from a market conduct exam that alleged violations of the Kentucky Insurance Code (fined \$500,000 but \$200,000 deferred pending a follow-up exam)	agreed order	2010-12	KY
UNICARE Health Insurance Company of the Midwest	\$105,000	civil forfeiture in connection with various issues raised following a routine market conduct examination	stipulation and consent order	2011-05	IL
WellPoint, Inc.	\$100,000	settlement in connection with a security breach	settlement agreement	2011-06	IN
UniCare Life & Health Insurance Company	\$100,000	violations of Washington insurance law regarding the marketing/sale of student health products through HTH	consent order	2011-12	WA

Supplemental Exhibit 1-B

Significant Regulatory Actions from 2005 to Present
(fines of \$100,000 or more; ordered by date)

ENTITY	AMOUNT	ACTION	DOCUMENTATION	DATE	STATE
Anthem Life Insurance Company	\$150,000	settlement for alleged violations of state insurance laws for transmitting nonpublic personal health information to the NH's TPA without the prior written consent of the state employees (\$250,000 settlement reduced to \$150,000)	consent order	2009-06	NH
Empire HealthChoice Assurance, Inc. and Empire HealthChoice HMO, Inc.	\$480,440	civil penalty in connection with alleged violations of NY insurance laws regarding the obligation to notify contract holders of the availability of certain mental health benefits under "Timothy's Law"	stipulation	2012-02	NY