

BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

FILED

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HEARINGS UNIT
OFFICE OF
INSURANCE COMMISSIONER

In the Matter of:)

**KAISER FOUNDATION HEALTH
PLAN OF THE NORTHWEST**)

No. 15-0205

ORDER TERMINATING
PROCEEDINGS

TO: Robin L. Larmer, Attorney at Law
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COPY TO: Mike Kreidler, Insurance Commissioner
James T. Odiorne, Chief Deputy Insurance Commissioner
AnnaLisa Gellermann, Deputy Commissioner, Legal Affairs Division
Mandy Weeks, Insurance Enforcement Specialist, Legal Affairs Division
Office of the Insurance Commissioner
PO Box 40255
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On September 2, 2015, the Office of Insurance Commissioner ("OIC") issued an Order To Cease and Desist, No. 15-0205 ("Order"), to Kaiser Foundation Health Plan of the Northwest ("Kaiser"), ordering Kaiser to immediately cease and desist from:

- Offering, selling, or renewing any plans to any consumer that neither lives nor works in Kaiser's service area of Clark and Cowlitz counties;
- By December 31, 2015, providing coverage to current enrollees that neither live nor work in Clark and Cowlitz Counties.

The Order also mandated that before September 16, 2015 Kaiser report to the OIC the following information concerning plans offered or sold to consumers who neither live nor work in Clark and Cowlitz counties: The number of plans offered or sold; number of enrollees in such plans; the premiums charged enrollees; and an estimate of all current out-of-pocket expenses incurred by such enrollees to date. The Order also required that Kaiser draft a lawful discontinuation notice of such plans, and submit such draft to the OIC for

approval, informing such enrollees that on December 31, 2015 their coverage would cease. Following OIC approval, Kaiser would timely issue such notice to enrollees.

On September 25, 2015, Kaiser submitted a Demand for Hearing challenging the Order. Kaiser argues that the Order is disruptive and harmful to members in its health plans, since many of them are enrolled in plans that run through June 2016. Kaiser notes that since the Order requires them to discontinue by December 31, 2015 plans for members who neither live nor work in Clark or Cowlitz counties, this would cause significant disruption and hardship to such members and their employers, who may not have an alternative health plan. Kaiser also argues that the Order is overbroad in that it requires Kaiser to send discontinuation notices directly to 590 members because they have an address outside Kaiser's service area, even though several of those members may still be eligible for coverage because they work inside the service area. Kaiser also asserts that the OIC did not object to its large group filings (and the service areas with partial counties) until seven months after it filed them with the OIC. Kaiser also argues that, aside from the definition of "service area" in WAC 284-43-130(29), which it reasons the OIC erroneously applies to large group plans such as theirs, its plans afford members access to adequate health care. Finally, Kaiser argues that contrary to what is stated in the Order, its plans comply with the general network access regulation (WAC 284-43-200), and the statutory requirement that its members have access to appropriate health care services (RCW 48.43.515).

Along with its Demand, Kaiser filed "KFHPNW's Motion for Stay of the [Order]" ("Stay Motion"). Briefing was submitted by both parties and an Order Denying the Motion for Stay of Order was filed on November 10, 2015.

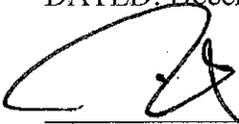
A prehearing conference was held on October 6, 2015, and the hearing of this matter was set for December 16, 2015. A briefing schedule was set for dispositive motions. Kaiser filed a Motion for Summary Judgment and the OIC filed a Motion in Limine. After review of the briefing submitted by both parties, an Order Denying Kaiser's Motion for Summary Judgment and OIC's Motion in Limine was filed on December 7, 2015.

On December 10, 2015, Kaiser sent a Withdrawal of Demand for Hearing to the Hearings Unit withdrawing its Demand for Hearing. A copy of the Withdrawal is attached hereto.

Based upon the above activity:

This proceeding, Docket No. 15-0205, is hereby terminated.

DATED: December 14, 2015



WILLIAM PARDEE
Presiding Officer

Declaration of Mailing

I declare under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery through normal office mailing custom, a true copy of this document to the following people at their addresses listed above: Robin L. Larmer, Karin D. Jones, Mike Kreidler, James T. Odiorne, J.D., CPA, John F. Hamje, AnnaLisa Gellermann, and Mandy Weeks.

DATED this 14 day of December, 2015.


DOROTHY SEABOURNE-TAYLOR