MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

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OFFICE OF
INSURANCE COMMISSIONER

Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer

IN THE MATTER OF	)	NO. D07-0157
	)	
	)	STIPULATION AND AGREED
	)	ORDER LEVYING A FINE AND
UNITED HEALTHCARE	)	DISMISSING ADJUDICATIVE
INSURANCE COMPANY,	)	PROCEEDING
	)	
An Authorized Insurer.	)	

Pursuant to RCW 34.05.060 and WAC 10.08.230(2)(b), the Office of Insurance Commissioner ("OIC"), by and through its designated representative, Charles Brown, and United Healthcare Insurance Company ("United"), by and through its undersigned representatives and its counsel, Jeffrey Gingold, hereby stipulate and agree to resolve this matter as follows:

1. United HealthCare Insurance Company is a life and disability insurer licensed to do business in the State of Washington. Among coverages offered by United to Washington residents are standardized Medicare supplement plans or certificates.

2. In September, 2005, the OIC received a complaint from a Washington resident who had not yet reached age 65, was eligible for Medicare by reason of disability, and had applied to United for a standardized Medicare supplement plan "F".

3. Even though the consumer was then insured under a comprehensive private health plan underwritten by Regence Blue Shield of Washington and was replacing more comprehensive coverage, United rejected the consumer's application on the grounds that the consumer was not replacing another Medicare supplement plan. United further advised the OIC that in addition to the consumer who complained to the OIC, at least 80 other Washington applicants for standardized Medicare supplement plans B through G had been rejected by United because the more comprehensive private health coverage they were replacing was not Medicare supplement coverage.

4. The OIC sought to impose a fine upon United for violating RCW 48.66.045(1). United denied that it had violated this statute, taking the position that Medicare supplement applicants are not entitled to guaranteed issue under Washington law unless they are replacing other more comprehensive Medicare supplement plans. However, United also changed its administrative and enrollment practices in 2006 to make those practices consistent with OIC's requirements.

5. United requested an administrative hearing before the Office of Administrative Hearings ("OAH") to contest the OIC's interpretation of RCW 48.66.045(1) and to contest the OIC's proposed fine. The matter came on for hearing on the OIC's Motion for Partial Summary Judgment and United's cross Motion for Summary Judgment. The OIC's Motion for Partial Summary Judgment sought a determination that the term "more comprehensive coverage" in RCW 48.66.045(1) is not limited to more comprehensive Medicare supplement coverage and includes more comprehensive private health care coverage. United's cross Motion for Summary Judgment sought, among other things, a determination that the term "more comprehensive coverage" in RCW 48.66.045(1) includes only more comprehensive Medicare supplement coverage. The OIC's Motion for Partial Summary Judgment was granted and United's cross Motion for Summary Judgment was denied by Order entered by OAH Lead Administrative Law Judge, Brian O. Watkins, on December 19, 2007.

6. In order to resolve the pending proceeding and avoid further costs and expenses in connection with future hearings and appeals, the parties agree to fully settle this matter as follows:

6a. When Washington residents apply to United for standardized Medicare supplement plans B, C, D, E, F, G, K, or L, United will treat all private health coverage that provides more comprehensive coverage than the Medicare supplement plan for which application is made as "more comprehensive coverage" under RCW 48.66.045(1).

6b. This settlement does not apply to the question of whether governmental programs such as Medicaid constitute "more comprehensive coverage" under RCW 48.66.045(1), and this settlement is without prejudice to the OIC's right to address the question of whether Medicaid constitutes "more comprehensive coverage" under RCW 48.66.045(1) by any future action the OIC deems appropriate.

6c. United agrees to pay a fine of $50,000 within thirty days of the date of the entry of the subjoined Order.

6d. The parties agree that this Stipulation and agreed Order are intended to fully resolve the issues arising out of United's Demand for Hearing and the OIC's Notice of Intent to Impose Civil Penalties and that this settlement does not provide or afford any immunity for violations not relating to the underlying matters, conduct or facts of this proceeding, and the OIC acknowledges that this settlement resolves all alleged violations relating to the underlying matters, conduct or facts of this proceeding.

6e. The parties agree that the subjoined Order may be entered forthwith and without further notice.

Dated this 12th day of May, 2008.

Charles D. Brown

Charles D. Brown

Dated this 30th day of April, 2008.

United Health Care Insurance Company

By: Wayne Cook

Title: Vice President

ORDER

This matter having come on before the undersigned Chief Hearing Officer of the State of Washington Office of Insurance Commissioner pursuant to the foregoing Stipulation and the Chief Hearing Officer having reviewed said Stipulation and deeming herself fully advised in the premises, NOW THEREFORE,

IT IS HEREBY ORDERED as follows:

1. Respondent United Health Care Insurance Company shall pay a civil fine in the amount of $50,000 (fifty thousand dollars) within thirty days and shall comply with the terms and conditions of the foregoing stipulation.

2. The Chief Hearing Officer of the Office of Insurance Commissioner has continuing authority to enforce this Stipulation and Order and to resolve disputes arising there from.

3. OIC Docket Number D07-0157 is hereby closed and dismissed as settled.

SIGNED AND ENTERED this 16th day of May, 2008;

PATRICIA D. PETERSEN
Chief Hearing Officer
Office of Insurance Commissioner

Presented by:

Charles D. Brown
OIC Staff Attorney

Approved for Entry/Notice
of Presentation Waived:

Jeffrey Gingold
Attorney for United Health Care
Insurance Company

DECLARATION OF MAILING
I declare under penalty of perjury under the laws of the State of Washington that on the date below, I mailed or caused delivery of a true copy of this document to J. Gingold, C. Brown, J. Odiorne, C. Sureau, J.
DATED this 19th day of May 2008, at Tumwater, Washington.
Signed: Wendy Holloway