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BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF UTAH

COMPLAINANT:

UTAH INSURANCE DEPARTMENT

RESPONDENT:

REGENCE BLUECROSS BLUESHIELD OF
UTAH
2890 E. Cottonwood Parkway
Salt Lake City, UT 84130
Utah Org. Id. No. 1324

STIPULATION AND ORDER

Docket No. 2010-177 HL

Enf. Case No. 2751

STIPULATION

1. Respondent, Regence BlueCross BlueShield of Utah is non-profit health service organization domiciled and authorized to do business in the State of Utah, Utah Organization Identification No. 1324

2. Respondent stipulates with the Complainant, Utah Insurance Department, as follows:

- a. If a hearing were held, witnesses called by the Complainant could offer and introduce evidence that would support the Findings of Fact herein;
- b. Respondent admits the Findings of fact and Conclusions made therefrom;

- c. Respondent stipulates to the Summary entry of the Order herein which shall be in lieu of other administrative proceedings by Complainant in this matter; and
- d. Respondent and Complainant have negotiated the terms of the Order entered herein and Respondent agrees to its entry and further agrees to be bound by all its terms.

3. Respondent is aware of its right to a hearing at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such hearing and to any appeal related thereto.


4. Respondent admits the jurisdiction of the State of Utah Insurance Commissioner as to all matters herein.

5. Respondent is acting herein free from any duress or coercion of any kind or nature, having been advised fully as to its rights set forth herein.

6. Respondent acknowledges that the issuance of this Order by the Commissioner is solely for purpose of disposition of the matter entitled herein.

DATED this 22nd day of December, 2010.


REGENCE BLUECROSS BLUESHIELD OF UTAH
Jennifer Cannaday, Market Vice President for Utah


UTAH INSURANCE DEPARTMENT
M. Gale Lemmon
Assistant Attorney General

Based upon the foregoing Stipulation and information in the file, the Presiding Office makes the following Findings of Fact:

FINDINGS OF FACT

1. Respondent Regence BlueCross BlueShield of Utah is a non-profit health service organization domiciled and authorized to do business in the State of Utah.
2. In November 2009, the Department became aware the Respondent was not paying claims submitted during the 30-day grace period.
3. The Health Insurance Division requested a target examination. At its final conclusion, the target exam revealed 355 incidents of non-payment of claims submitted within the 30 day grace period.
4. Respondent had been paying claims correctly until a change in its system when a decision was made to pay the claims in the same manner as those paid in Oregon, Idaho, and Washington.
5. Respondent has cooperated in the department's investigation and has accepted responsibility for the error, and has agreed to review all claims from June 2008 forward and to properly pay claims submitted within the grace period. They also agreed to train claims personnel on the requirements of Utah Code Ann. § 31A-22-607.
6. The department is seeking a legislative change to the statute to clarify the intent that claims must be paid during the 30-day grace period under group policies.

Based upon the foregoing Stipulation and Findings of Fact, the Presiding Officer enters the following Conclusions of Law:

CONCLUSIONS OF LAW

1. Utah Code Ann. § 31A-22-607 (West 2009) states in part:

(2) Every group or blanket accident and health policy shall provide for a grace period of at least 30 days, unless the policyholder gives written notice of discontinuance prior to the date of discontinuance, in accordance with the policy terms. In group or blanket policies, the policy may provide for payment of a pro rata premium for the period the policy is in effect during the grace period under this Subsection (2).

2. Respondent Regence BlueCross BlueShield of Utah failed to pay 355 claims submitted during the 30 day grace period in violation of the above statute.

3. An administrative forfeiture in the amount of \$175,000.00 is appropriate under the circumstances.

Based upon the foregoing Stipulation, Findings of Fact and Conclusions of Law, the Presiding Officer herewith enters the following Order:

ORDER

IT IS HEREBY ORDERED:

1. Respondent BlueCross Blue shield of Utah is assessed a forfeiture of \$175,000.00, with one-half of the forfeiture being stayed upon completion of in-house training of personnel on the correct handling of claims submitted within the grace period, and review of claims handling from

June 2008 forward.

2. The balance of the forfeiture, an amount of \$87,500.00, is to be paid to the Utah Department of Insurance within 30 days of issuance of this Order.


NOTIFICATION

You are hereby notified that a failure to obey an Order of the Commissioner may subject you to further penalties, including forfeitures of up to \$5,000 per violation and the suspension or revocation of your license and the filing of an action in district court, which may impose penalties of up to \$10,000 per day for continued violation.

You are further notified that other jurisdictions in which you may be licensed may require that you report this action to them.

DATED this 28th day of December, 2010.

NEAL T. GOOCH
Insurance Commissioner


MARK E. KLEINFELD
Administrative Law Judge
Utah Insurance Department
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