



STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, N.Y. 10004

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In the Matter of

MANAGED HEALTH, INC.,

**STIPULATION
No. 2010-0093-S**

Respondent.
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WHEREAS, Respondent Managed Health, Inc. is a domestic health maintenance organization ("HMO") authorized pursuant to Article 44 of the New York Public Health Law; and

WHEREAS, an examination of Respondent conducted by the New York State Insurance Department ("Department") for the period January 1, 2002 through December 31, 2006 has revealed certain violations of the New York Insurance Law ("Insurance Law") and/or Department Regulations; and

WHEREAS, Respondent has been advised and is aware of its statutory right to notice and a hearing on any such violations; and

WHEREAS, Respondent wishes to resolve said violations by entering into a Stipulation with the Department on the terms and conditions hereinafter set forth in lieu of proceeding with a formal hearing on the matter; **NOW THEREFORE**,

IT IS HEREBY STIPULATED AND AGREED by and between Respondent and the Department, subject to the approval of the Superintendent of Insurance, as follows:

1. Respondent waives its right to further notice and a hearing in this matter and admits that Respondent violated the following provisions of the Insurance Law:

- (a) Sections 2102(a)(1) and 2114(a)(3), by failing to ensure that its employees who earned a commission or fee based on sales or enrollments in Respondent's Medicare Advantage program were licensed as agents, during the period January 1, 2002 through December 31, 2007;
- (b) Sections 2112(a) and (d), by failing to file with the Department certificates of appointment and termination notices for its agents, during the period January 1, 2002 through December 31, 2007;

- (c) Section 3224-a(a), by failing to adjudicate certain health care claims within 45 days of receipt, during the period January 1, 2002 through December 31, 2006;
- (d) Section 3224-a(b), by failing to deny certain health care claims or request additional information about such claims within thirty days of receipt of the claim, during the period January 1, 2002 through December 31, 2006; and
- (e) Section 3224-a(c), by failing to pay interest or incorrectly paying interest on health care claims that were paid after 45 days of receipt, during the period January 1, 2002 through December 31, 2006.

2. Respondent states in mitigation that the above violations were not the result of any conscious company policy to evade the requirements of the Insurance Law.

3. In consequence of the foregoing, and in lieu of any other disciplinary action that could be taken by the Department as a result thereof, Respondent consents to the imposition of a civil penalty in sum of One Million Dollars (\$1,000,000.00), receipt of which is hereby acknowledged.

4. Respondent shall, within thirty days of the date of approval of this Stipulation:

(a) develop and submit a plan to the Department for ensuring that Respondent pays commissions only to licensed agents; updating company files to include a copy of each appointed agent's valid current license; filing appointment letters and termination notices of agents with the Department; and providing a statement to the Department by an officer of the company indicating the date Respondent ceased paying commissions to unlicensed employees; and

(b) review procedures and, to the extent not otherwise already submitted to the Department, develop and submit a plan for improving compliance with Section 3224-a of the Insurance Law, including implementing procedures to allow its claims system to retain sufficient information to be able to reconstruct the complete claim transaction.

5. Respondent agrees to take all additional steps necessary to prevent the recurrence of similar violations in the future.

THE FOREGOING STIPULATION IS HEREBY APPROVED.

Dated: New York, New York
April 22, 2010

JAMES J. WRYNN
Superintendent of Insurance

By: *Martha A. Lees*
Martha A. Lees
Deputy Superintendent & General Counsel