



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

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In the Matter of

HEALTHNOW NEW YORK INC.,

STIPULATION
No. 2007-0399-S

Respondent.

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WHEREAS, Respondent HealthNow New York Inc. is a domestic non-profit health service corporation authorized pursuant to Article 43 of the New York Insurance Law (Insurance Law); and

WHEREAS, an examination of Respondent conducted by the New York State Insurance Department ("Department") for the period October 1, 1999 through December 31, 2003 has revealed certain violations of the Insurance Law and 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 hearing in this matter and admits that during the period from October 1, 1999 through December 31, 2003, it violated the following provisions of the Insurance Law and/or Department Regulations:

- (a) Section 3224-a(a) by failing to process certain claims within 45 days of receipt;
- (b) Section 3224-a(b) by failing to deny or request additional information from claimants within 30 days of receipt of the claim;

- (c) Section 3224-a(c) by failing to pay interest on certain claims;
- (d) Sections 3221(k)(6) and 4303(s)(1) by failing to pay mandated fertility coverage claims;
- (e) Section 4308(h) by filing inconsistent financial reports with the Department;
- (f) Section 4308 (g)(2) by failing to provide at least 30 days advance written notice to direct bill subscribers of rate increases;
- (g) Sections 301 and 216.4(d) of Department Regulation 64 [11 NYCRR 216.4(d)] by failing to respond to Department claim inquiries within 10 days;
- (h) Section 215.11 of Department Regulation 34 [11 NYCRR 215.11] by disseminating comparison benefit summary charts to employer groups and/or brokers which contained misleading and/or incomplete comparisons of other health plans' benefits;
- (i) Section 4312(a) and Section 52.42(e) of Department Regulation 62 [11 NYCRR 52.42(e)] by paying commissions to certain insurance brokers in excess of the rates filed with the Department;
- (j) Section 4317(f)(3) by failing to adhere to approved underwriting guidelines for the enrollment of sole proprietors;
- (k) Section 4306(g) for retroactively terminating certain groups for non-payment beyond the 30 day grace period authorized in the Plan's contracts; and
- (l) Section 4224(c) by offering benefit/enrollment inducements in the form of discounts for selected memberships at participating fitness facilities.

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. Respondent consents to the imposition of a civil penalty in sum of One Million Fifty Thousand Dollars (\$1,050,000.00), receipt of which is hereby acknowledged, in lieu of any other disciplinary action which could be taken by the Department in consequence of the foregoing.

4. Respondent shall take the following remedial actions:
 - (a) Review its procedures and, to the extent not already submitted to the Department, develop and submit to the Department a plan for improving compliance with Sections 3224-a(a) and (b) of the Insurance Law within 90 days of the date of approval of this Stipulation;
 - (b) Identify all claims that are interest eligible from January 1, 2004 through present, and pay interest from the due date through the date that such interest is paid to the extent that Respondents have not already done so in compliance with previous stipulations entered into between Respondents and the Department; and provide, in a report, the number of claims identified and the amount of interest paid;
 - (c) Review its rate notice procedures and, to the extent not already submitted to the Department, develop and submit a plan, that will eliminate rate increase notices from being sent to subscribers less than 30 days in advance;
 - (d) Review and identify all claims from January 1, 2004 to the present and appropriately pay all infertility mandated claims, including non-injectible infertility drug claims that were incorrectly processed and/or reprocess such claims with the payment of any such claims including applicable interest accrued from the date of the original denial;
 - (e) Establish a procedure to ensure timely compliance with claim inquiries received from the Department;
 - (f) Develop a plan for the review of its reports, including but not limited to, its Healthy New York Report No. 4, Section 4308(h) and loss ratio reports, as well as other reporting, including Medicaid Managed Care and Family Health Plus Operating reports to the Department of Health, to ensure consistency prior to submission;
 - (g) Establish a procedure to ensure that comparison benefit summary charts which may contain misleading and/or incomplete comparisons of other health plans' benefits are not disseminated to employer groups and/or brokers;
 - (h) Establish a procedure to ensure commissions paid to brokers are in compliance with the commission rates filed with the Department;

- (i) Review and establish procedures for adherence to the Respondent's plan's 30 day grace period relative to terminations of certain groups for non-payment;
- (j) Revise its underwriting guidelines for the enrollment of sole proprietors to conform with the Insurance Law;
- (k) Discontinue any benefit/enrollment inducements for membership at fitness facilities until such time as the benefits therein are made part of the member contracts and are appropriately rated.

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

6. Within ninety (90) days of the date of the approval of the Stipulation, and every ninety (90) days thereafter until the process is completed, or such earlier date as may be agreed upon, Respondent shall file a written report with the Department indicating the status and results of the remedial action take pursuant to the foregoing paragraph 4.

7. Respondent acknowledges that this Stipulation and any admission herein contained may be used against it in any future proceeding if there is reason to believe the terms of the Stipulation have been violated by Respondent, or if the Department institutes disciplinary action against the Respondent regarding subsequent actions by Respondent other than the acts considered herein.

Dated: New York, NY

July 7, 2008

NEW YORK STATE INSURANCE DEPARTMENT

By: Beth Cohen
Beth Cohen
Associate Attorney

HEALTHNOW NEW YORK INC.

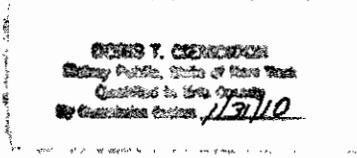
By: Alphonso O'Neil-White
Name: Alphonso O'Neil-White
Title: PRESIDENT & CEO

STATE OF NEW YORK)

COUNTY OF Essex)ss.:
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On the 30 day of June 2008, before me personally came Alphonso O'Neil-White, to me known, who, being duly sworn, did depose and say that he/she resides at AMHERST, NY; that he/she is the PRESIDENT + CEO of HealthNow New York Inc. the corporation described in and which executed the foregoing instrument; and he/she signed his/her name thereto by order of the board of directors of the corporation.

David T. Carmichael
Notary Public



THE FOREGOING STIPULATION IS HEREBY APPROVED.

Dated: New York, New York
July 7, 2008

ERIC R. DINALLO
Superintendent of Insurance

By: [Signature]
Robert H. Easton
Deputy Superintendent & General Counsel