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| IN THE MATTER OF THE | * | BEFORE THE STATE OF MARYLAND |
| | * | |
| INSURANCE ADMINISTRATION | * | INSURANCE ADMINISTRATION |
| | * | |
| v. | * | |
| | * | |
| KAISER FOUNDATION HEALTH PLAN | * | |
| OF THE MID-ATLANTIC STATES, INC. | * | |
| (NAIC #95639) | * | |
| 2101 EAST JEFFERSON STREET | * | |
| ROCKVILLE, MD 20852 | * | CASE NO. MIA-2007-01-025 |
| | * | |

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CONSENT AGREEMENT AND ORDER

This matter comes before the Maryland Insurance Commissioner (the "Commissioner") upon completion of a Market Conduct Examination (the "Examination") by the State of Maryland Insurance Administration (the "Administration") of the market conduct practices of Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. (the "Respondent").

Pursuant to §§ 2-108 and 2-205 of the Insurance Article of the Annotated Code of Maryland ("the Insurance Article"), the Commissioner and the Respondent hereby represent and acknowledge that they agree to enter into this Consent Order ("the Order") as follows:

EXPLANATORY STATEMENT AND FINDINGS OF FACT

1. Respondent, NAIC Company Code number 95639, is domiciled in the State of Maryland and at all times relevant to this Order, held a Certificate of Authority from the State of Maryland to operate as a health maintenance organization ("HMO") pursuant to the Health-General Article of the Annotated Code of Maryland ("the Health-General Article") §§ 19-707 et seq. and all other relevant sections. As affecting this State, the Administration has jurisdiction over the subject matter of this proceeding and Respondent.

2. The Administration conducted the Examination of Respondent's health insurance business in Maryland for the survey period of January 1, 2000 through December 31, 2002.

3. The Examination, the details of which are contained in the Administration Report Number 857-03 ("the Report"), concluded that Respondent committed violations of the following sections of the Insurance Article, the Health-General Article and the Code of Maryland Regulations ("COMAR"):

- Section 2-207(b)(1) of the Insurance Article;
- Section 15-112 of the Insurance Article;
- Section 15-123(k)(1) of the Insurance Article;
- Section 15-822(2)(b) of the Insurance Article;
- Section 15-830(f) of the Insurance Article;
- Section 15-1005(c) of the Insurance Article;
- Section 15-1005(e)(3) of the Insurance Article;
- Section 15-1005(f) of the Insurance Article;
- Section 15-10A-02(f) of the Insurance Article;
- Section 19-712.1 of the Health-General Article;
- Section 19-713(a)(2) of the Health-General Article;
- COMAR 31.10.16.03B;
- COMAR 31.10.16.03C;
- COMAR 31.10.16.03F;
- COMAR 31.12.02.04A;
- COMAR 31.15.08.05.

4. Both Respondent and the Administration agree to the conditions of settlement and remedial measures set forth herein. The parties contend that this Order is in the public interest and desire to resolve this Consent Agreement and Order without further proceedings.

ORDER

WHEREFORE, pursuant to § 2-204 and § 4-113 of the Insurance Article it is **ORDERED** by the Commissioner and **AGREED** to by Respondent, as follows:

- A. Respondent shall correct the violations of Maryland laws and regulations stated herein within ninety (90) days from the date of execution of this Order.
- B. Respondent shall pay an administrative penalty to the State of Maryland for the violations stated herein in the amount of one hundred thousand dollars (\$100,000.00) within thirty (30) days of the date the Commissioner or his designee signs this Order. Payments shall be made by check or money order made payable to the Maryland Insurance Administration and include the case number or name. Payment should be sent to the attention of, Appeals Clerk, 525 St. Paul Place, Baltimore, MD 21202-2272.
- C. Respondent agrees that all amounts paid under Paragraph B of this Order shall not be included in or recoverable as expenses in any rate filing filed with the Administration or any other regulatory authority.
- D. For the purposes of the Administration and for any subsequent and unrelated administrative or civil proceedings concerning Respondent, whether related or unrelated to the foregoing paragraphs, and with regard to requests for information about the Respondent made under the Maryland Public Information Act, or properly made by governmental agencies, this Order will be kept and maintained in the regular course of business by the Administration. For the purposes of the business of the Administration, the records and publications of the Administration will reflect this Order.
- E. The parties agree that this Order resolves all matters relating to this specific matter only, and the factual assertions and agreements contained herein are to be used solely for the purposes of this proceeding and any other proceeding brought by or on behalf of the Administration. Nothing herein

shall be deemed a waiver of the Commissioner's right to proceed in an administrative action or civil action regarding violations or conduct not specifically identified or addressed in the Consent Order, Report, or Examination, including but not limited to specific consumer complaints received by the Administration, nor shall anything herein be deemed a waiver of the right of Respondent to contest other proceedings by the Administration. Additionally, nothing herein shall be construed to resolve or preclude any actions that may be brought by other parties including but not limited to other Maryland State agencies.

- F. Respondent has had the opportunity to have this Order reviewed by legal counsel of its choosing, and is aware of the benefits gained, and obligations incurred by the execution of the Order. Respondent waives any and all rights of judicial review of this Order. Respondent's waiver and failure to challenge and entry into this Consent Agreement and Order does not constitute any admission by Respondent of any of the findings.
- G. This Order contains the Entire Agreement of the parties relating to the administrative actions addressed herein. This Order supersedes any and all earlier agreements or negotiations, whether oral or written. All timeframes set forth in this Order may be amended or modified only by subsequent written agreement of the parties.
- H. On behalf of Respondent, the undersigned representative of Respondent affirms that he or she has taken all necessary steps to obtain the authority to bind Respondent to the obligations stated herein and has the authority to bind Respondent to the obligations stated herein.

- I. This Order shall be effective upon signature of the Commissioner or his designee and is a Final Order of the Commissioner under §2-204 of the Insurance Article, Annotated Code of Maryland (2003 Repl. Vol.).
- J. Failure to comply with the terms of this Order may subject Respondent to further legal and/or administrative action.

It is so **ORDERED**, this 31st day of January, 2007.

R. Steven Orr
Insurance Commissioner

Signature on file with original

by: _____
P. Todd Cioni, Associate Commissioner
Compliance and Enforcement

RESPONDENT'S CONSENT

RESPONDENT hereby CONSENTS to the representations made in, and to the terms of the above Order.

Marilyn Kawamura
Name: _____

Signature on file with original
Signature: _____

Regional President
Title: _____

1/22/07
Date: _____