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AUG 8 2011

ocketed by: KP



OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
COMMISSIONER

IN THE MATTER OF:

CAPITAL HEALTH PLAN, INC.
Market Conduct Examination

CASE NO.: 115620-11

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between CAPITAL HEALTH PLAN, INC. (hereinafter referred to as "CHP") and the OFFICE OF INSURANCE REGULATION (hereinafter referred to as the "OFFICE"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter of, and parties to, this proceeding.
2. CHP is a domestic Health Maintenance Organization (HMO) authorized to conduct business in Florida and is subject to the jurisdiction and regulation of the OFFICE.
3. The OFFICE conducted a comprehensive market conduct examination of CHP pursuant to Section 641.3905, Florida Statutes. As a result of such examination, the Office finds that:

- a. Contrary to Rule 690-191.063, Florida Administrative Code, CHP distributed advertising materials that failed to display a unique form number that would readily identify it from all other advertising;
- b. Contrary to Section 626.471(1), Florida Statutes, CHP failed to provide appointees at least 60 days advance written notice of its intent to terminate their appointments;
- c. Contrary to Sections 626.471(2) - (3) and Section 626.511, Florida Statutes, CHP failed to notify the Department of Financial Services that it had terminated appointments within 30 days of said terminations, and furthermore failed to provide the reasons for such terminations;
- d. Contrary to CHP's subscriber contracts in existence at the time, CHP non-willfully changed its formulary in such a way as to increase the co-payment for certain prescription coverages prior to the time of coverage renewal;
- e. Contrary to Section 641.3155(3)(a) and Section 641.3155(4)(a), Florida Statutes, CHP failed to timely acknowledge filed claims;
- f. Contrary to Section 641.3155(6), Florida Statutes, CHP failed to pay interest on overdue claims;
- g. Contrary to Section 641.3155(3)(b) and Section 641.3155(4)(b), Florida Statutes, CHP failed to timely pay claims;
- h. Contrary to Section 641.3106, Florida Statutes, CHP failed to send written explanations of claim decisions to members as set forth in its subscriber contracts;
- i. Contrary to Section 627.9175, Florida Statutes, CHP filed an inaccurate report of information on health and accident insurance.

4. While CHP does not agree with the Office regarding all of the purported violations, in an effort to resolve this matter expeditiously and amicably, without the necessity of a formal administrative action by the OFFICE, CHP knowingly and voluntarily enters into this Consent Order without admitting any liability in connection with such matter.

5. CHP expressly waives a hearing in this matter, the making of Findings of Fact and Conclusions of Law by the OFFICE, and all further and other proceedings herein to which the parties may be entitled by law or rules of the OFFICE. CHP hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order, in any forum now or in the future available to it, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

6. CHP agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

- a. CHP shall pay an administrative penalty of Thirty Thousand Dollars (\$30,000) and administrative costs of Three Thousand Dollars (\$3,000) on or before the 30th day after this Consent Order is executed;
- b. CHP shall, within 30 days of the execution of this Consent Order, provide to the OFFICE a certification, signed by an officer of the Company, that the corrective actions outlined in the examination report have been completed;
- c. CHP shall, within sixty (60) days of execution of this Consent Order, provide a report, certified by an officer of the Company to be true and correct, confirming that CHP has refunded each affected policyholder. This report will include: the member's name, policy/certificate number,

effective date, amount of co-payment difference refunded, and the date paid.

7. The parties agree that this Consent Order shall be deemed executed when the OFFICE has signed a copy of this Consent Order bearing the signature of the authorized representatives of CHP, notwithstanding the fact that the copy may be transmitted to the OFFICE electronically or via facsimile machine. Further, CHP agrees that its signatures, as affixed to the Consent Order, shall be under the seal of a Notary Public.

8. CHP agrees that, by issuance of this Consent Order, it is hereby placed on notice of the requirements of the above referenced sections of law and agrees that any future violations of these sections by CHP may be deemed willful, subjecting CHP to appropriate penalties.

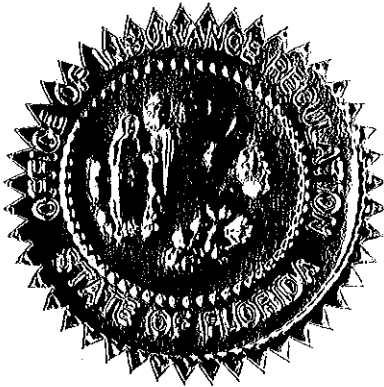
9. CHP agrees that the failure to adhere to one or more of the above terms and conditions of this Consent Order shall constitute a violation of a lawful order of the OFFICE, and shall subject CHP to such administrative action as the OFFICE may deem appropriate.

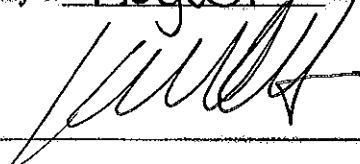
10. Except as noted above, each party to this action shall bear its own costs and attorney's fees.

THEREFORE, the agreement between CHP and the OFFICE, the terms and conditions of which are set forth above, is approved.

FURTHER, all terms and conditions above are hereby ORDERED.

DONE AND ORDERED this 8th day of AUGUST 2011.





KEVIN M. McCARTY
Commissioner
Office of Insurance Regulation

By execution hereof, CAPITAL HEALTH PLAN, INC. consents to entry of this Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that he or she has the authority to bind CAPITAL HEALTH PLAN, INC. to the terms and conditions of this Consent Order.

CAPITAL HEALTH PLAN, INC.

Corporate Seal

By:

Title:

Date:

John Hogan
President / CEO
8/1/11

STATE OF Florida)
COUNTY OF Leon)

The foregoing instrument was acknowledged before me this 1st day of August, 2011,
by John Hogan as President & CEO for
(Name of person) (Type of authority... e.g. officer, trustee, attorney in fact)
Capital Health Plan, Inc.
(Company name)

Personally Known or Produced Identification _____

Type of Identification Produced _____



Notarial Seal

Carrie N. Harper
(Signature of the Notary)

Carrie N. Harper
(Print, Type or Stamp Commissioned Name of Notary)

My Commission Expires:

COPIES FURNISHED TO:

Capital Health Plan, Inc.
c/o Bruce Platt
106 East College Avenue | 12th Floor
Tallahassee, FL 32301

James Pafford, Director
Market Investigations
Office of Insurance Regulation
200 E. Gaines Street
Tallahassee, FL 32399-4210

Kenneth Tinkham
Assistant General Counsel
Legal Services Office
Office of Insurance Regulation
200 E. Gaines Street
Tallahassee, FL 32399-4206



OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
COMMISSIONER

FINANCIAL SERVICES
COMMISSION

RICK SCOTT
GOVERNOR

JEFF ATWATER
CHIEF FINANCIAL OFFICER

PAM BONDI
ATTORNEY GENERAL

ADAM PUTNAM
COMMISSIONER OF
AGRICULTURE

INVOICE

ADMINISTRATIVE PENALTY IMPOSED BY CONSENT ORDER

In order to ensure that your payment is received and properly credited, please make your check payable to the Florida Department of Financial Services and **return this invoice with your payment to:**

Department of Financial Services
Revenue Processing Section
P.O. Box 6100
Tallahassee, Florida 32314-6100

REFERENCE

NAME: Capital Health Plan, Inc.
ADDRESS: P O Box 15349
CITY, STATE, ZIP: Tallahassee, FL 32317
FEIN: 591830622
NAIC COCODE: 95112
EXAMINATION YR: 2009
CASE #: 115620-11
ATTORNEY: Kenneth Tinkham
SOURCE: MARKET INVESTIGATIONS - SBS EXAMINATION #6858 LH

Fine Due: \$ 30,000
Costs Due: \$ 3,000
Total Amount Due: \$ 33,000

Amount Remitted:

OFFICIAL USE ONLY – PLEASE DO NOT MARK BELOW THIS LINE]

<u>B/T</u>	<u>T/C</u>	<u>F/T</u>	<u>AMOUNT</u>
C	1105	J	\$ 30,000
C	1249	J+	\$ 3,000