

No. 4652

**OFFICIAL ORDER
of the
TEXAS COMMISSIONER OF INSURANCE**

Date: SEP 09 2016

Subject Considered:

SHA, L.L.C.
12940 N. Highway 183
Austin, Texas 78750

CONSENT ORDER
TDI ENFORCEMENT FILE NO. 11466

General remarks and official action taken:

The commissioner of insurance considers whether disciplinary action should be taken against Sha, L.L.C. (SHA).

WAIVER

SHA acknowledges that the Texas Insurance Code and other applicable laws provide certain rights. SHA waives all of these rights and any other applicable procedural rights in consideration of the entry of this consent order.

FINDINGS OF FACT

1. TDI issued SHA basic service health maintenance organization (HMO) license number 94393, effective February 10, 1995.

2012 and 2016 Triennial Examinations

2. On June 19, 2012, TDI conducted a triennial quality of care examination of SHA for the period beginning January 14, 2009, and ending February 10, 2012.
3. In 2015, TDI conducted another triennial quality of care examination of SHA for the period beginning February 10, 2012, and ending December 31, 2014.
4. On April 25, 2016, TDI held an on-site exit conference with SHA to discuss the 2015 examination findings.

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5. In SHA's 2015 examination, TDI found files related to HMO enrollees did not evidence an adverse determination was issued within three calendar days of receiving the request for services for enrollees not hospitalized at the time of the requests similar to those that TDI previously identified in SHA's 2012 examination.
6. In SHA's 2015 examination, TDI found files that did not evidence the adverse determination notice included notification of independent review and the form to request independent review similar to those that TDI previously identified in SHA's 2012 examination.
7. SHA failed to correct the deficiencies within 90 days from the receipt of its 2012 examination report, in accordance with its 2012 corrective action plan, and the number of non-compliant files increased in 2016 for both repeat violations.
8. SHA submitted a plan of correction to address the deficiencies cited in the final audit report issued by TDI on May 12, 2016.

CONCLUSIONS OF LAW

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 31.002; 82.051-82.055, 84.021-84.022, 401.055, 843.156, 843.348(d), and 4201.303(c)(4); 28 TEX. ADMIN. CODE §§ 11.303(d)(6), 19.1709.(b)(7), and 19.1718(d)(1); and TEX. GOV'T CODE §§ 2001.051-2001.178.
2. The commissioner has authority to informally dispose of this matter as set forth under TEX. GOV'T CODE § 2001.056, TEX. INS. CODE §§ 82.055 and 36.104, and 28 TEX. ADMIN. CODE § 1.47.
3. SHA violated 28 TEX. ADMIN. CODE § 11.303(d)(6) by failing to correct the deficiencies cited within its plan of correction within 90 days from the receipt of the written examination report.
4. SHA violated TEX. INS. CODE §§ 843.348(d) and 4201.304(a)(2) and 28 TEX. ADMIN. CODE § 19.1718(d)(1) because it failed to issue an adverse determination within three calendar days of receiving the request for services.
5. SHA violated 28 TEX. ADMIN. CODE § 19.1709(b)(7) because it failed to show that adverse determination notice included notification of independent review and the form to request independent review.

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The commissioner orders SHA, L.L.C. to pay an administrative penalty of \$80,000 within 30 days from the date of this order. The administrative penalty must be paid by company check, cashier's check, or money order made payable to the "State of Texas." Mail the administrative penalty to the Texas Department of Insurance, Attn: Enforcement Section, Division 40111, P.O. Box 149104, Austin, Texas, 78714-9104.



David C. Mattax
Commissioner of Insurance

Approved as to Form and Content:

Bev Rosendahl by SKN with permission

Bev Rosendahl, Staff Attorney
Enforcement Section, Compliance Division
Texas Department of Insurance

