

No. **2016-4806**

OFFICIAL ORDER
of the
TEXAS COMMISSIONER OF INSURANCE

Date: NOV 22 2016

Subject Considered:

ALPHA DENTAL PROGRAMS, INC.
100 First St. MS 11C
San Francisco, CA 94105

CONSENT ORDER
TDI ENFORCEMENT FILE NO. 11445

General remarks and official action taken:

The commissioner of insurance considers whether disciplinary action should be taken against Alpha Dental Programs, Inc. (Alpha Dental).

WAIVER

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

FINDINGS OF FACT

1. On April 14, 1989, TDI issued Alpha Dental single service health maintenance organization license no. 5288.
2. Under Texas prompt pay statutes and rules, if a claim is paid after the date the health maintenance organization is required to make a determination or adjudication of the claim, the health maintenance organization must pay a penalty, and 18% interest on the amount.
3. Through investigation of a complaint filed in March 2016, Alpha Dental determined that certain claims were incorrectly paid because of how benefits were configured in the claims payment system.
4. Alpha Dental assembled a team to determine the cause of the incorrect payments and determined that when the Health Care Reform plans were implemented in Texas in 2015,

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there were misinterpretations of the benefits to be provided. The misinterpretations were copied into 2016 plans, so errors persisted.

5. Alpha Dental has modified the benefit setup process to ensure misinterpretations are avoided, and added quality checks at each point in the set up process.
6. Alpha Dental took corrective action, reprocessed all claims paid incorrectly from 2015 – 2016, and paid the providers penalties, plus 18% interest.
7. Alpha Dental cooperated with TDI in its investigation and resolution of this matter.

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, and 843.336-843.354; 28 TEX. ADMIN. CODE §§ 21.2801-21.2816; and TEX. GOV'T CODE §§ 2001.051–2001.178.
2. The commissioner has authority to informally dispose of this matter under TEX. GOV'T CODE § 2001.056, TEX. INS. CODE §§ 82.055 and 36.104, and 28 TEX. ADMIN. CODE § 1.47.
3. Alpha Dental violated TEX. INS. CODE § 843.342 and 28 TEX. ADMIN. CODE §§ 21.2801-21.2816 because it failed to pay clean claims in a timely manner.

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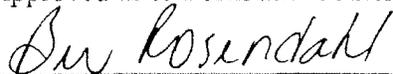
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The commissioner orders Alpha Dental Programs, Inc. to pay an administrative penalty of \$15,000 within 30 days of the date of this Order. The administrative penalty must be paid by company check, cashier's check, or money order made payable to the "State of Texas." Mail the administrative penalty to the Texas Department of Insurance, Attn: Enforcement Section, Division 40111, MC 9999, P.O. Box 149104, Austin, Texas, 78714-9104.



David C. Mattax
Commissioner of Insurance

Approved as to Form and Content:



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

JURAT

CA Government Code 8202-compliant

See Attached Document

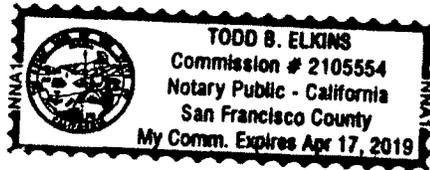
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

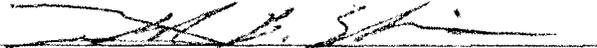
County of San Francisco

Subscribed and sworn to before me on this 18th day of November 2016, by

Michael J. Castro, proved to me on the basis of satisfactory evidence to be the person who appeared before me.



Signature


Signature of Notary Public

Further Description of Any Attached Document

Title or Type of Document: Affidavit

Description Alpha Dental Programs, Inc.; TDI Enforcement File No. 11445

Document Date: 11/18/2016 Number of Pages: 1