

No. 2019 - 5834

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

Date: JAN 04 2019

Subjects Considered:

HUMANA HEALTH PLAN OF TEXAS, INC.
HUMANA INSURANCE COMPANY
Post Office Box 740036
Louisville, Kentucky 40201-7436

CONSENT ORDER

TDI ENFORCEMENT FILE NOS. 12661 and 15053

General remarks and official action taken:

The subject of this order is whether disciplinary action should be taken against Humana Health Plan of Texas, Inc. (HHPT) and Humana Insurance Company (HIC).

WAIVER

HHPT and HIC acknowledge that the Texas Insurance Code and other applicable laws provide certain rights. HHPT and HIC waive all of these rights and any other applicable procedural rights in consideration of the entry of this consent order.

Pursuant to TEX. INS. CODE § 82.055(b), HHPT and HIC agree to this consent order with the express reservation that HHPT and HIC do not admit to a violation of the Texas Insurance Code or of a rule of the Texas Department of Insurance (TDI), and HHPT and HIC maintain that the existence of a violation is in dispute.

FINDINGS OF FACT

1. TDI certified HHPT, license number 93827, as a basic health maintenance organization effective March 15, 1982.

2. TDI certified HIC, license number 93526, as a life, health, or accident insurer effective May 2, 1980.
3. Both HHPT and HIC belong to the same insurance group and use the same claim processing system. Consequentially, both entities experienced the same system issues that ultimately led to entry of this consent order.

Improper Claim Denials

4. Under Texas prompt pay statutes and rules, both HMOs and health insurers are required to pay a clean claim from a participating or preferred provider not later than the 45th day after receipt, if the provider submits the claim in a nonelectronic format, or not later than the 30th day after receipt, if the provider submits the claim in an electronic format.
5. In September 2015, the CDC changed its guidance on intervals for pneumococcal vaccines, a vaccination which is scheduled to be administered in multiple doses. In response, HHPT and HIC updated their claims processing system effective October 1, 2015, to comply. The update had the unexpected effect of erroneously denying claims for the second round of these vaccinations.
6. On May 16, 2016, TDI received a complaint from a provider regarding these erroneous denials, and commenced an investigation.
7. Upon learning of its system error, HHPT and HIC reprocessed and paid the impacted claims; however, the error caused HHPT and HIC to pay some clean claims untimely.
8. HHPT and HIC have modified their claims processing system to cease these erroneous denials and have provided evidence to the department that they have paid all claims that were erroneously denied.
9. During the department's initial review of the impacted claims, it was determined that, while the majority did not require them, HHPT and HIC had not yet paid all of the required penalties and interest to providers, where applicable.
10. HHPT and HIC have since provided evidence to the department that, as of the date of this order, all required penalty and interest amounts related to the impacted claims have been paid.

Failure to Timely Respond to Information Request

11. On July 6, 2017, TDI sent HHPT and HIC a written request for information regarding this issue. HHPT and HIC sought additional time to respond to the request, and TDI staff agreed. HHPT and HIC were unable to provide the requested information by the agreed-upon, extended due date.

CONCLUSIONS OF LAW

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051-82.055, 84.021-84.022, 843.336-843.353, and 1301.101-1301.138; 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 as set forth under TEX. GOV'T CODE § 2001.056, TEX. INS. CODE §§ 36.104 and 82.055, and 28 TEX. ADMIN. CODE § 1.47.
3. HHPT and HIC have knowingly and voluntarily waived all procedural rights to which they may have been entitled regarding the entry of this order, including, but not limited to, issuance and service of notice of intention to institute disciplinary action, notice of hearing, a public hearing, a proposal for decisions, rehearing by the commissioner, and judicial review.
4. HHPT violated TEX. INS. CODE §§ 843.338, 843.341, and 843.346 by failing to pay providers for health care services by the required deadlines.
5. HHPT violated TEX. INS. CODE § 843.342 by failing to pay the required penalty and interest amounts corresponding to the payment of clean claims after the required deadlines.
6. HIC violated TEX. INS. CODE §§ 1301.103 and 1301.106 by failing to pay providers for health care services by the required deadlines.
7. HIC violated TEX. INS. CODE § 1301.137 by failing to pay the required penalty and interest amounts corresponding to the payment of clean claims after the required deadlines.
8. HHPT and HIC violated TEX. INS. CODE § 38.001 by failing to timely respond to a reasonable inquiry in writing.

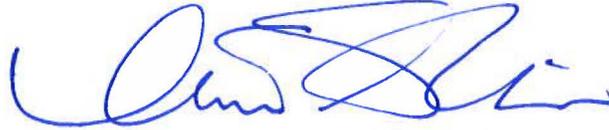
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COMMISSIONER'S ORDER

Humana Health Plan of Texas, Inc. and Humana Insurance Company

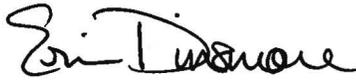
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It is ordered that Humana Health Plan of Texas, Inc. and Humana Insurance Company pay, jointly and severally, an administrative penalty of \$115,000 within 30 days from the date of this order. The administrative penalty must be paid by company check, cashier's check, or money order made payable to the "State of Texas." Humana Health Plan of Texas, Inc. and Humana Insurance Company must mail the administrative penalty to the Texas Department of Insurance, Attn: Enforcement Section, Division 60851, MC 9999, P.O. Box 149104, Austin, Texas, 78714-9104.



Kent C. Sullivan
Commissioner of Insurance

APPROVED AS TO FORM AND CONTENT:



Erin Dinsmore
Staff Attorney, Enforcement Section
Texas Department of Insurance

