

No. 2020 - 6235

**Official Order
of the
Texas Commissioner of Insurance**

Date: FEB 12 2020

Subjects Considered:

Memorial Hermann Health Plan, Inc.
Memorial Hermann Health Insurance Company
929 Gessner Road, Suite 1500
Houston, Texas 77024-2675

Consent Order
TDI Enforcement File Nos. 17360 and 17361

General remarks and official action taken:

This is a consent order with Memorial Hermann Health Plan, Inc. (MHHP) and Memorial Hermann Health Insurance Company (MHHIC) (together Memorial Hermann). The Texas Department of Insurance (TDI) alleges that Memorial Hermann did not provide coverage to health benefit plan members (members) until the end of their applicable health benefit plan periods.

Waiver

Memorial Hermann acknowledges that the Texas Insurance Code and other applicable laws provide certain rights. Memorial Hermann 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 MHHP a basic health maintenance organization (HMO) license, no. 13764851 on April 25, 2014.
2. TDI issued MHHIC a life, health and accident license, no. 95542 on January 2, 2001.

3. Senate Bill (SB) 51, 79th Legislature, Regular Session (2005) amended the HMO and the preferred provider benefit plan (PPBP) statutes. SB 51 requires group contract holders (employers) to pay for their members' premiums from the time their members are no longer part of the group eligible for coverage until the end of the month in which the employers notify the HMO or PPBP of such.
4. Sometime in 2015, Memorial Hermann began using a new employer portal that allowed employers and brokers to retroactively terminate employees and add employee coverage without restrictions. This resulted in loss of employee coverage and limited claims recoupments from providers.
5. On February 16, 2018, TDI received a complaint against Memorial Hermann. The complaint alleged that Memorial Hermann's claims payment systems lacked controls to prevent retroactive employee eligibility terminations in violation of SB 51. Memorial Hermann's HMO contracts and PPBP policies were not ensuring that enrollees and individual insureds remained covered until the end of the month in which their employers notified Memorial Hermann of their employees' terminations.
6. From January 1, 2015, through April 30, 2018, Memorial Hermann did not cover its HMO enrollees until the end of their employers' applicable HMO contract periods in 91 instances and its PPBP insureds until the end of their employers' applicable PPBP policy periods in 37 instances. Despite its eligibility system errors, Memorial Hermann did not deny claims in a manner that harmed enrollees. Consequently, it did not need to pay restitution to enrollees and providers. Instead, Memorial Hermann may have paid claims in error in favor of enrollees, but did not recoup them.
7. Effective May 2, 2018, Memorial Hermann updated its policies and procedures to ensure compliance with SB 51. Memorial Hermann also conducted extensive field training with brokers and employers and disabled the portal that allowed employers and brokers to make retroactive changes and terminations directly into Memorial Hermann's claims system.

Conclusions of Law

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 31.002, 82.051-82.056, 84.021-84.022, 843.210 and 1301.0061; TEX. GOV'T CODE §§ 2001.051-2001.178; and 28 TEX. ADMIN. CODE §§ 21.4001, 21.4002 and 21.4003.

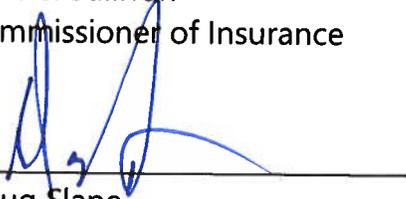
2. The commissioner has authority to informally dispose of this matter as set forth under TEX. GOV'T CODE § 2001.056, TEX. INS. CODE §§ 36.104 and 82.055, and 28 TEX. ADMIN. CODE § 1.47.
3. Memorial Hermann has knowingly and voluntarily waived all procedural rights to which it may have been entitled 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 decision, rehearing by the commissioner, and judicial review.
4. Memorial Hermann violated TEX. INS. CODE §§ 843.210(a) and 1301.0061(a) and 28 TEX. ADMIN. CODE § 21.4003(a)(1) because it did not cover its HMO enrollees and PPBP insureds until the end of their employers' applicable health benefit plan periods.

Order

It is ordered that Memorial Hermann Health Plan, Inc. and Memorial Hermann Health Insurance Company must pay, jointly and severally, an administrative penalty of \$75,000 within 30 days from the date of this order. The administrative penalty must be paid by cashier's check or money order made payable to the "State of Texas" and transmitted 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

By: _____


Doug Slape
Chief Deputy Commissioner
Commissioner's Order No. 2018-5528

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Recommended and reviewed by:



Leah Gillum, Associate Commissioner
Enforcement Section



Jeannie Ricketts, Staff Attorney
Enforcement Section

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Affidavit

STATE OF Texas §
§
COUNTY OF Harris §

Before me, the undersigned authority, personally appeared Jamie Reynoso, who being by me duly sworn, deposed as follows:

"My name is Jamie Reynoso. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

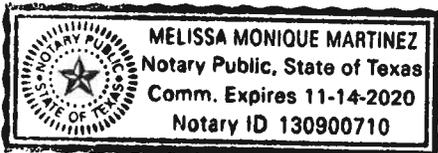
I hold the office of Chief Executive Officer, and am the authorized representative of Memorial Hermann Health Plan, Inc. and Memorial Hermann Health Insurance Company. I am duly authorized by said organization to execute this statement.

Memorial Hermann Health Plan, Inc. and Memorial Hermann Health Insurance Company has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."

Jamie Reynoso
Affiant

SWORN TO AND SUBSCRIBED before me on August 7, 2019.

(NOTARY SEAL)



Melissa Martinez
Signature of Notary Public

Melissa Martinez
Printed Name of Notary Public