

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, JANUARY 22, 2009

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COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2008-00210

KAISER FOUNDATION HEALTH PLAN OF
THE MID-ATLANTIC STATES, INC.,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that the Defendant, duly licensed by the State Corporation Commission ("Commission") to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 B, 38.2-316 C 1, subsection 2 (i) of § 38.2-508, subsection 2 (iv) of § 38.2-508, 38.2-510 A 4, 38.2-510 A 5, 38.2-510 A 6, 38.2-510 A 15, 38.2-511, 38.2-514 B, subsection 2 b of § 38.2-602, subsection 8 of § 38.2-606, 38.2-610 A 2, 38.2-1833 A 1, 38.2-3407.4 B, 38.2-3407.14 B, 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 4, 38.2-3407.15 B 4 a ii (c), 38.2-3407.15 B 4 a ii (d), 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3407.15 B 11, 38.2-3412.1:01 A, 38.2-3542 C, 38.2-4306 A 2, 38.2-4306.1 B, 38.2-4312.3 B, 38.2-5804 A, 38.2-5804 A 2, 38.2-5805 C 1, 38.2-5805 C 2, 38.2-5805 C 4, 38.2-5805 C 5, 38.2-5805 C 7, 38.2-5805 C 9, and 38.2-5805 C 10 of the Code of Virginia, as well as, 14 VAC 5-211-60 A, 14 VAC 5-211-80 B, 14 VAC 5-211-90 B, 14 VAC 5-211-150 A, 14 VAC 5-211-160 5, 14 VAC 5-211-160 6, 14 VAC 5-211-160 6 c, 14 VAC 5-211-230 B 1, and 14 VAC 5-215-20.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-4316 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke the Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that the Defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter, whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth of Virginia the sum of One Hundred Fifty-Eight Thousand Dollars (\$158,000), waived its right to a hearing, agreed to the entry by the Commission of a cease and desist order, and agreed to comply with the Corrective Action Plan contained in the Market Conduct Examination Report as of December 31, 2006.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that the Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) The Defendant cease and desist from any future conduct which constitutes a violation of §§ 38.2-316 B, 38.2-316 C 1, subsection 2 (i) of § 38.2-508, subsection 2 (iv) of § 38.2-508, 38.2-510 A 4, 38.2-510 A 5, 38.2-510 A 6, 38.2-510 A 15, 38.2-511, 38.2-514 B, subsection 2 b

of § 38.2-602, subsection 8 of § 38.2-606, 38.2-610 A 2, 38.2-1833 A 1, 38.2-3407.4 B, 38.2-3407.14 B, 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 4, 38.2-3407.15 B 4 a ii (c), 38.2-3407.15 B 4 a ii (d), 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3407.15 B 11, 38.2-3412.1:01 A, 38.2-3542 C, 38.2-4306 A 2, 38.2-4306.1 B, 38.2-4312.3 B, 38.2-5804 A, 38.2-5804 A 2, 38.2-5805 C 1, 38.2-5805 C 2, 38.2-5805 C 4, 38.2-5805 C 5, 38.2-5805 C 7, 38.2-5805 C 9 or 38.2-5805 C 10 of the Code of Virginia, or 14 VAC 5-211-60 A, 14 VAC 5-211-80 B, 14 VAC 5-211-90 B, 14 VAC 5-211-150 A, 14 VAC 5-211-160 5, 14 VAC 5-211-160 6, 14 VAC 5-211-160 6 c, 14 VAC 5-211-230 B 1 or 14 VAC 5-215-20; and

(3) The papers herein be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Eric M. Page, Esquire, LeClair Ryan, 951 Byrd Street, 8th Floor, Richmond, Virginia 23219;
Carrie Harris-Muller, Chief Administrative Officer, Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc., 2101 East Jefferson Street, P.O. Box 6611, Rockville, Maryland 20849-6611; and the Bureau of Insurance in care of Deputy Commissioner Jacqueline K. Cunningham.