IN RE: HEALTHSOURCE MAINE, INC.)	CONSENT AGREEMENT
)	BUREAU OF INSURANCE
)	DOC NO. MCINS 99-10

This document is a Consent Agreement, authorized by 5 M.R.S.A. § 9053(2) entered into by and among Healthsource Maine, Inc. (hereafter "Healthsource") and the Superintendent of the Maine Bureau of Insurance (hereafter also "the Superintendent"). Its purpose is to resolve, without resort to an adjudicatory proceeding, violations of Bureau of Insurance Rule Chapter 850 as set forth below.

FACTS

- 1. The Superintendent is the official charged with administering and enforcing Maine's insurance laws and regulations.
- 2. Healthsouce Maine, Inc has been a Maine licensed HMO, License # HMD 4, since 1987.
- 3. Consumer filed a formal complaint, complaint # 1998503672, with the Bureau of Insurance on July 17, 1998 challenging their insurer, Healthsource's, denial of coverage for an outpatient surgical procedure.
- 4. On October 1, 1997 Healthsource wrote to Consumer denying coverage for an outpatient surgical procedure. This letter failed to state the reasons for the denial. The letter stated in relevant part:

"I have reviewed the information which has been provided in support of this request. Healthsource is unable to authorize coverage for these service(s) because: Reviewed by Med Director 9/26/97."

- 5. Consumer filed two appeals contesting the denial of coverage by Healthsource.
- 6. Rule 850(9)(C)(1)(b) requires that if a decision in a first level appeal is adverse to the covered person, the written decision shall contain:
 - o The names, titles and qualifying credentials of the person or persons participating in the first level grievance review process (the reviewers).
 - A statement of the reviewers' understanding of the covered person's grievance and all pertinent facts.
 - The reviewers' decision in clear terms and the basis for the decision.
 A reference to the evidence or documentation used as the basis for the decision.
 - Notice of the covered person's right to contact the Superintendent's office, along with the Bureau's toll free number and address.
 - o A description of the process to obtain second level grievance review of a decision, the procedures and time frames governing a second level grievance review.
- 7. Rule 850(9)(D)(3)(f) requires that if a decision in a second level appeal is adverse to the covered person the adverse decision notice must comply with Rule 850(9)(C)(b)(i-v), and shall contain:
 - o The names, titles and qualifying credentials of the person or persons participating in the first level grievance review process (the reviewers).
 - A statement of the reviewers' understanding of the covered person's grievance and all pertinent facts.

- The reviewers' decision in clear terms and the basis for the decision.

 A reference to the evidence or documentation used as the basis for the decision.
- Notice of the covered person's right to contact the Superintendent's office, along with the Bureau's toll free number and address.
- 8. On March 18, 1998, Healthsource sent Consumer an adverse determination notice to his first level appeal. That adverse determination notice failed to include:
 - o A statement of the reviewer's understanding of the covered person's grievance and all pertinent facts.
 - o Notice of the covered person's right to contact the Superintendents Office.
 - o Toll free number and address of the Bureau of Insurance.
 - o A statement of the consumers right to a second level grievance review.
- 9. On May 20, 1999, Healthsource sent Consumer an adverse determination notice which contained the following statement: "Benefits will not be paid for the following. N. Covered Health Services that are not Medically Necessary for the diagnosis and treatment of any accidental injury, sickness or maintenance." The letter failed to provide any explanation as to why the services were determined not to be medically necessary.
- 10. The May 20, 1998 adverse determination notice to consumer's second level appeal failed to include:
 - o The names, titles and qualifying credentials of the person or persons participating in the first level grievance review process (the reviewers).
 - o A statement of the reviewers' understanding of the covered person's grievance and all pertinent facts.
 - o The reviewers' decision in clear terms and the basis for the decision.
 - o A reference to the evidence or documentation used as the basis for the decision.

CONCLUSIONS OF LAW

- 11. As described in paragraph eight above, Healthsource failed to comply with the requirements of Rule 850(9)(C)(1)(b) in its March 18, 1998 adverse determination notice to Consumer.
- 12. As described in paragraphs nine and ten above, Healthsource failed to comply with the requirements of Rule 850(9)(C)(1)(b)(i-iv) in its May 20, 1998 adverse determination notice to Consumer.

COVENANTS

- 13. A formal hearing in this matter is waived and no appeal will be made.
- 14. At the time of executing this Agreement, Healthsource will pay to the Maine Bureau of Insurance a civil penalty in the amount of two thousand dollars (\$2,000), payable to the Treasurer of the State of Maine.
- 15. In consideration of Healthsource's execution of and compliance with the terms of this Consent Agreement, the Superintendent agrees to forgo pursuing any disciplinary measures or other civil sanction for the actions described above other than those agreed to in this Consent Agreement.

MISCELLANEOUS

- 16. This Consent Agreement may only be modified by the written consent of the parties.
- 17. It is understood by the parties to this Agreement that nothing herein shall affect any rights or interests that any person not a party to this Agreement may possess.
- 18. Healthsource acknowledges that this Consent Agreement is a public record within the meaning of 1 M.R.S.A. § 402 and will be available for public inspection and copying as provided for by 1 M.R.S.A. § 408.
- 19. Healthsource has been advised of its right to consult with counsel and has, in fact, consulted with counsel before executing this Agreement.

	For Healthsource Maine, Inc.
Dated:, 1999	
	By:
	Signature
	For:
	Typed Name
	Typed Title
this, 1999.	Notary Public
	FOR THE BUREAU OF INSURANCE
Dated:, 1999	
	Alessandro A. Iuppa
	Superintendent of Insurance
STATE OF MAINE KENNEBEC, SS.	
Subscribed and sworn to before me	
this, 1999.	
Notary Public/Attorney-at-Law	_
	FOR THE MAINE ATTORNEY GENERAL
	Dated:, 1999
	Judith Shaw Chamberlain
	Assistant Attorney General