

FILED

MAY 16 2007

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

NEBRASKA DEPARTMENT
OF INSURANCE

S TATE OF NEBRASKA)	
DEPARTMENT OF INSURANCE,)	
)	
PETITIONER,)	CAUSE NO. C-1612
)	
VS.)	
)	
UNITED HEALTHCARE GROUP,)	CONSENT ORDER
UNITED HEALTHCARE INSURANCE)	
COMPANY, UNITED HEALTHCARE OF)	
THE MIDLANDS, UNITED BEHAVORIAL)	
HEALTH, MIDWEST SECURITY LIFE,)	
)	
RESPONDENTS.)	

On December 7, 2006, the Department of Insurance for the State of Nebraska, (“Department”) initiated an administrative proceeding by filing a Petition styled State of Nebraska Department of Insurance vs. United HealthCare Group (“UHG”), United HealthCare Insurance Company (“UHC”), United HealthCare of the Midlands (“UHM”), United Behavioral Health (“UBH”) and Midwest Security Life (“Midwest”), (collectively, the “Respondents,”) Cause No. C-1612. A copy of the Petition was served by certified mail, return receipt requested, upon the Respondents, at the Respondents’ addresses registered with the Department. In order to resolve the allegations contained therein, the Department, by and through its counsels of record, Ann M. Frohman and Martin W. Swanson, and Respondents, by and through their attorney, J. Scott Paul, mutually stipulate and agree as follows:

JURISDICTION

1. The Department has jurisdiction over the subject matter and Respondents pursuant to statutes that include, but are not limited to: Neb. Rev. Stat. § 44-101.01 and Title 210 of the

Nebraska Administrative Code, specifically Chapters 21 and 61; the Unfair Insurance Trade Practices Act, Neb. Rev. Stat. § 44-1521 et seq.; the Unfair Insurance Claims Settlement Practices Act, Neb. Rev. Stat. § 44-1536 et seq.; the Insurers Examination Act, Neb. Rev. Stat. § 44-5901 et seq.; and the Health Carrier Grievance Procedure Act, Neb. Rev. Stat. § 44-7301 et seq. Said jurisdiction and control have been present at all times material hereto.

2. UHC, UHM, and Midwest are licensed to transact business as health insurers under the laws of Nebraska at all times material hereto. UBH is a third party administrator and UHG is the parent company of each of the Respondents.

3. The Department conducted examinations of the market practices of UHC and UHM within the State of Nebraska for the period between July 1, 2003 and June 30, 2004 (“Market Conduct Examinations”). As a result of the examinations, and certain consumer complaints previously investigated by the Department, it filed a Petition alleging numerous violations of Nebraska insurance statutes and rules and regulations, including, but not limited to: the Insurers Examination Act, the Unfair Trade Practices Act, the Unfair Claims Settlement Practices Act, and the Health Carrier Grievance Procedure Act.

4. In the spirit of cooperation and in order to avoid further expense, loss of time and disruption of Respondents’ operations in the state, the Respondents enter into this Consent Order freely and voluntarily. The Respondents waive their right to a hearing and acknowledge that by doing so, the Respondents also waive their right to confrontation of witnesses, production of evidence, and judicial review.

5. Respondents deny that they violated any of the statutes or regulations made the subject of the Petition; however, Respondents acknowledge that errors were made in implementing

technological efficiencies, and are willing to amicably resolve this matter in order to avoid the uncertainty and expense of litigation.

CONSENT ORDER

In order to resolve the administrative action herein, it is therefore ordered by the Director of Insurance and agreed by Respondents that:

1. Respondents are to pay an administrative fine of \$650,000 to the Department.
2. Respondents are to pay the costs incurred by the Nebraska Department of Insurance associated with the prosecution of this action.
3. Respondents will immediately provide oversight of their claims payment and grievance processes and ensure that there is sufficient personnel within the State of Nebraska empowered to resolve escalated claim disputes, grievances and similar matters involving Nebraska policyholders to ensure compliance with Nebraska law. Such personnel will have the technical and administrative capacity necessary to enable them to address such issues. Notwithstanding this paragraph, nothing in this Consent Order will require any Respondent to reprocess or otherwise pay any claim that it determines, in the reasonable exercise of its discretion, should be denied.
4. Respondents agree to fully cooperate with the Department in the resolution of any future consumer complaints relating to the Respondents received by the Department. The Department and Respondent also agree to meet at least quarterly to conduct a review ("Quarterly Review") of consumer complaints received by the Department. Such Quarterly Review may include a discussion of Respondent's claim handling and other practices, as well as the applicability and construction of Nebraska insurance laws and regulations.

5. Respondents agree to participate in the prospective Process Improvement Plan (PIP), which is defined as part of the proposed national consent order between certain of the Respondents and several states coordinated through the Market Analysis Working Group of the National Association of Insurance Commissioners, and all corrective action required thereof. The parties agree to execute and incorporate a separate Stipulation whereby the Respondents agree to implement the PIP and the Department agrees to be bound by the PIP. After this separate Stipulation has been fully executed, the parties agree to attach it to this Consent Order. However, the Department agrees that the terms of the PIP are proprietary and shall remain confidential and not for public disclosure and the PIP will not be posted on the Department's web site.
6. Petitioner shall also join the PIP as a participating state.
7. Petitioner shall not seek any further administrative action(s) based upon the UHM and UHC Market Conduct Reports and Complaints alleged in the Petition except in accordance with the PIP.
8. The Department agrees to dismiss the Petition with prejudice and withdraw the Petition from the Department web site.
9. The Department also agrees to forgo instituting any further formal administrative proceedings as well as the imposition of any further fines for matters regarding claim processing, complaint handling and other policy administration issues that have come to the Department's attention with respect to matters arising prior to the date that this agreement is approved by the Director. Respondents agree to cooperate with the Department in order to resolve any such issues.

10. This Consent Order shall not be amended or modified in any manner except by an instrument in writing signed by a duly authorized representative of the Department and each of the Respondents.

All payments due hereunder shall be made on or before thirty (30) days from the date the Director adopts this Consent Order as a final Order in this matter. Furthermore, if Respondents fail to pay the aforementioned amounts when due, or fail to comply with other terms of this Consent Order, the Department shall retain jurisdiction to make application for any such further orders as may be necessary.

In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing their signatures below.



Ann M. Frohman, #19044
Attorney for Petitioner
941 "O" Street, Suite 400
Lincoln, Nebraska 68508
(402) 471-2201
FOR PETITIONER

5-16-07

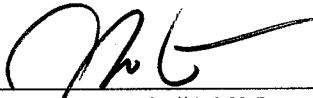
Date



Martin W. Swanson, #20795
Attorney for Petitioner
941 "O" Street, Suite 400
Lincoln, NE 68508
(402) 471-2201
FOR PETITIONER

5/16/07

Date



J. Scott Paul, #16635
Attorney for Respondents
McGrath North Mullin & Kratz, PC, LLO
Suite 3700 First National Center
Omaha, NE 68102
FOR RESPONDENTS

Date

5/15/07



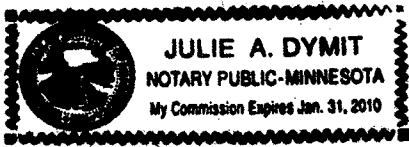
Forrest Burke
General Counsel
United HealthCare Insurance Company
FOR RESPONDENTS

Date

5/14/07

State of Minnesota)
) ss.
County of Hennepin)

On this 14 day of May, 2007, Forrest Burke, personally appeared before me on behalf of Respondents, and read this Consent Order, executed the same and acknowledged the same to be his voluntary act and deed.



Julie A. Dymit
Notary Public

CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance vs. United HealthCare Group, United HealthCare Insurance Company, and United HealthCare of the Midlands, United Behavioral Health and Midwest Security Life, Cause No. C-1612.

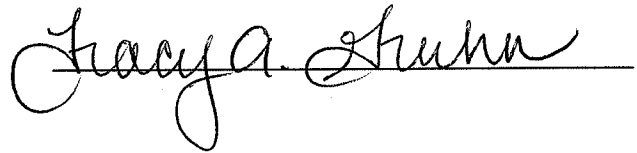
STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

L. Tim Wagner
L. TIM WAGNER
Director of Insurance

MAY 16, 2007
Date

CERTIFICATE OF SERVICE

I hereby certify that a copy of the executed Consent Order was sent to the Respondents at: Respondent UnitedHealth Group, 9900 Bren Road East, MN08-808302, Minnetonka, MN 55343, Respondent United HealthCare Insurance Company, 450 Columbus Blvd. 5NB, P.O. Box 150450, Hartford, Connecticut 06115-0450, Respondent United HealthCare of the Midlands, 2717 North 118th Circle, Suite 300, Omaha, Nebraska 68164-9672, Respondent United Behavioral Health, 6300 Olson Memorial Highway, MN010-E151, Golden Valley, Minnesota 55427 and Respondent Midwest Security Life Insurance Company 2700 Midwest Drive, Onalaska, WI 54650-8764; and upon Respondents' counsel, J. Scott Paul, at McGrath North Mullin & Kratz, PC, LLO, Suite 3700, First National Center, Omaha, NE 68102, by certified mail, return receipt requested on this 10th day of May, 2007.

Tracy A. Shuhn