

STATE OF COLORADO

DEPARTMENT OF REGULATORY AGENCIES

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DIVISION OF INSURANCE

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NEWS RELEASE

For Immediate Release – August 5, 2008

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Rocky Mountain Hospital and Medical Service, Inc. (Anthem Blue Cross and Blue Shield) Fined \$290,000 for Market Conduct Violations Affecting Consumers; HMO Colorado, Inc. Fined \$252,500

Denver - Two market conduct examinations completed by DORA's Colorado Division of Insurance, found violations, announced Commissioner Marcy Morrison. Rocky Mountain Hospital and Medical Service, Inc. (RMHMS) does business in Colorado as Anthem Blue Cross and Blue Shield. This company and its wholly-owned subsidiary, HMO Colorado, Inc. (HMOC) were examined. The final market conduct orders reflected fines of \$290,000 for RMHMS and \$252,500 for HMOC.

"Health insurers provide an important service to Colorado consumers, so it's imperative that companies fulfill their responsibilities to the consumers who depend on them," said Insurance Commissioner Marcy Morrison. "We have made it clear that our mission is to protect consumers and this market conduct examination and resulting fine reflects our commitment."

The market conduct examinations, which covered the year 2006, found violations on a number of issues for both companies, including:

- failure to maintain required records,
- failure in some cases to provide coverage to newborns,
- failure in some instances to properly implement processes for terminating policies,
- and failure in some instances to pay, deny, or settle claims within the time frames required by law.

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"The Mission of the Division of Insurance is Consumer Protection."

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Anthem Blue Cross and Blue Shield

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In addition, RMHMS (Anthem) had violations which included:

- failure to elicit information regarding existing policies and potential replacement of such policies from applicants,
- failure of the policies to reflect the amount of premium,
- failure in some cases to properly define terms, and,
- failure in some instances to provide written denials of coverage and/or provide reasons for denial.

HMO Colorado, Inc. was found to have additional violations in these areas:

- failure to disclose policies for obtaining emergency medical services,
- failure in some instances to provide accurate information regarding coordination with Medicare, and,
- failure to fully define terms or to include the required elements in certificates of creditable coverage.

The companies have responded to the final agency orders and submitted payment of the fines on Friday, Aug. 1.

Copies of the market conduct examination reports and final agency orders are available on the Division of Insurance's website,
<http://www.dora.state.co.us/insurance/mcexam/mcexam.htm>

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.

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