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FOR IMMEDIATE RELEASE

**INSURANCE COMMISSIONER TYLER SEEKS CORRECTIVE ACTION
FROM CAREFIRST REGARDING DENIED CLAIMS**

CareFirst to pay \$125,000 fine and adjust incorrectly denied claims

Baltimore, MD (September 25, 2007)... The Maryland Insurance Commissioner Ralph S. Tyler announced today in a Market Conduct Report and resulting Consent Order with CareFirst BlueCross Blue Shield that the company had been improperly denying claims in violation of Maryland law. The Consent Order fines the company \$125,000 for those violations and calls for it to correct the business practices that led to the errors.

"This is the first time that the MIA has conducted a focused audit of how denied claims are being processed by health carriers," said Commissioner Tyler. "Because some of these issues may exist at other carriers and warrant additional investigation, we will be examining other carriers."

Of greatest significance in this report is the finding that, in excess of 15 percent of the cases, CareFirst failed to process these denials within the 30-days as required by law.

"This is a particular concern," said Tyler, "because the MIA has a long standing policy of enforcing prompt payment by health carriers. Both consumers (patients) and health care providers need timely resolution of these matters."

In the period audited, 2004, other violations include denials based on a pre-existing condition, denials based on the lack of pre-authorization, and denials for a lack of benefits or benefits exceeding the allowed visits for physical medicine coverage.

"We began this audit after reviewing a number of consumer complaints," said P. Todd Cioni, Associate Commissioner of Compliance and Enforcement. "Not only is the MIA addressing reported problems on a case-by-case basis, but as part of its Market Analysis, we are also reviewing trends in consumer complaints to identify larger issues with process and procedures that lead to violations."

As part of the Consent Order, CareFirst has agreed to pay a penalty of \$125,000, the statutory maximum, and CareFirst agreed to correct the inappropriately denied claims. CareFirst is also expected to conduct its own audit of denied claims since 2004 and make appropriate corrections, including interest on late payments, if required by law.

The Market Conduct Examination Report and resulting Consent Order are available at the MIA's web site, www.mdinsurance.state.md.us.

The Maryland Insurance Administration (MIA), founded as the Maryland Insurance Division in 1872, is an independent State agency located in downtown Baltimore. This agency regulates Maryland's \$26 billion insurance industry and makes certain that insurance companies, health plans and producers (agents and brokers) comply with Maryland insurance law. The MIA also licenses over 110,000 producers and approximately 1,500 insurance companies, regulates insurance rates, monitors insurer solvency, investigates consumer complaints and travels across the State providing consumers with educational materials on insurance. These materials may also be found at www.mdinsurance.state.md.us.