

No. 4575

**OFFICIAL ORDER  
of the  
TEXAS COMMISSIONER OF INSURANCE**

**Date:** JUL 14 2016

**Subject Considered:**

**AMERICAN SPECIALTY HEALTH GROUP, INC.**  
10221 Waterridge Circle  
San Diego, CA 92121

**CONSENT ORDER**  
TDI ENFORCEMENT FILE NO. 11056

**General remarks and official action taken:**

The commissioner of insurance considers whether disciplinary action should be taken against American Specialty Health Group, Inc. (American Specialty).

**WAIVER**

American Specialty acknowledges that the Texas Insurance Code and other applicable laws provide certain rights. American Specialty waives all of these rights and any other applicable procedural rights in consideration of the entry of this consent order.

**FINDINGS OF FACT**

1. On July 27, 2007, TDI issued American Specialty third party administrator license no. 95496.
2. On October 19, 2015, the MCQA office sent a warning letter to American Specialty advising them of prompt pay insurance code violations for Q1 and Q2 2015, and requested that American Specialty file corrected information.
3. On October 26, 2015, the MCQA office spoke to American Specialty about the warning letter and discussed future improved compliance.
4. On November 15, 2015, Q3 2015 reporting was due and American Specialty again had prompt pay code violations.
5. On December 1, 2015, the MCQA office emailed American Specialty regarding previous prompt pay discussions and the need for immediate corrective action.

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6. On February 15, 2016, Q4 2015 reporting was due and American Specialty again had prompt pay code violations.
7. On May 15, 2016, Q1 2016 reporting was due and American Specialty again had prompt pay code violations.

## **Late Paid Claims Violation**

8. American Specialty is required to submit quarterly claims payment information to TDI, and is subject to penalties if they violate the claims payment provisions for more than two percent of clean claims.
9. American Specialty provided payment information and data that revealed that American Specialty failed to pay claims in a timely manner as follows:

Year 2015      Quarter 1 - 6.86% of clean claims paid late  
                    Quarter 2 - 5.85% of clean claims paid late  
                    Quarter 3 - 6.32% of clean claims paid late  
                    Quarter 4 - 8.55% of clean claims paid late

Year 2016      Quarter 1 – 4.95% of clean claims paid late

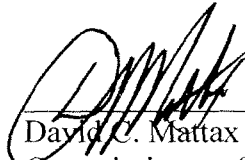
## **CONCLUSIONS OF LAW**

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 31.002; 82.051-82.055, 84.021-84.022, and 843.336-843.354; 28 TEX. ADMIN. CODE §§ 21.2801-21.2816; and TEX. GOV'T CODE §§ 2001.051-2001.178.
2. The commissioner has authority to informally dispose of this matter under TEX. GOV'T CODE § 2001.056, TEX. INS. CODE §§ 82.055 and 36.104, and 28 TEX. ADMIN. CODE § 1.47.
3. American Specialty violated TEX. INS. CODE § 843.342(k) and 28 TEX. ADMIN. CODE §§ 21.2801-21.2816 because it failed to pay clean claims in a timely manner.

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The commissioner orders American Specialty Health Group, Inc. to pay an administrative penalty of \$50,000 within 30 days of the date of this Order. The administrative penalty must be paid by company check, cashier's check, or money order made payable to the "State of Texas." Mail the administrative penalty to the Texas Department of Insurance, Attn: Enforcement Section, Division 40111, MC 9999, P.O. Box 149104, Austin, Texas, 78714-9104.



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David C. Mattax  
Commissioner of Insurance

Approved as to Form and Content:



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Beverly Rosendahl, Staff Attorney  
Enforcement Section, Compliance Division  
Texas Department of Insurance

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**AFFIDAVIT**

STATE OF California §  
  §  
COUNTY OF San Diego §

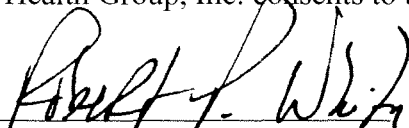
Before me, the undersigned authority, personally appeared the affiant, who being by me duly sworn, deposed as follows:

“My name is Robert P. White. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I hold the office of President and Chief Operations Officer, and am the authorized representative of American Specialty Health Group, Inc. I am duly authorized by said organization to execute this statement.

American Specialty Health Group, Inc. waives rights provided by the Texas Insurance Code and other applicable laws, and acknowledges the jurisdiction of the Texas commissioner of insurance.

American Specialty Health Group, Inc. is voluntarily entering into this consent order. American Specialty Health Group, Inc. consents to the issuance and service of this consent order.”

  
\_\_\_\_\_  
Affiant/Robert P. White                      Date: 7/6/16

~~SWORN TO AND SUBSCRIBED before me on \_\_\_\_\_, 2016.~~

(~~NOTARY SEAL~~)

\_\_\_\_\_  
Signature of Notary Public

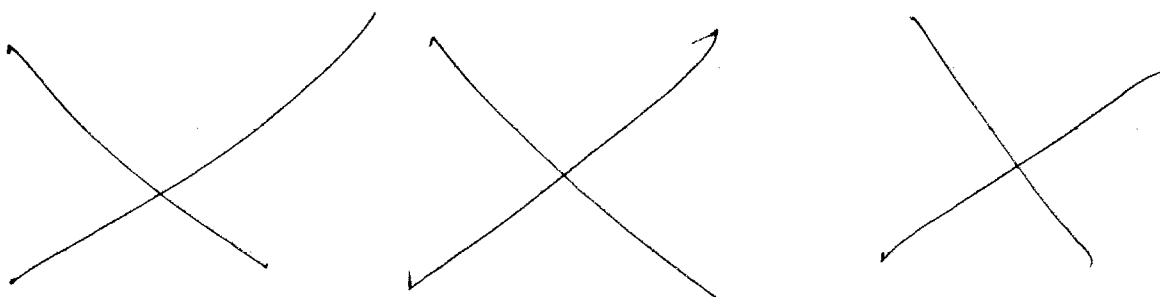
see attached  
California  
Jurat

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CALIFORNIA JURAT WITH AFFIANT STATEMENT

GOVERNMENT CODE § 8202

- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-6 to be completed only by document signer[s], not Notary)

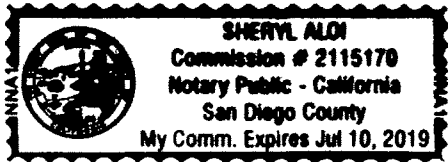


Signature of Document Signer No. 1
Signature of Document Signer No. 2 (if any)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
 County of San Diego

Subscribed and sworn to (or affirmed) before me  
 on this 6 day of July, 2016,  
 by Robert P. White  
Date Month Year  
 (1) \_\_\_\_\_  
 (and (2) N/A \_\_\_\_\_),  
Name(s) of Signer(s)



proved to me on the basis of satisfactory evidence  
 to be the person(s) who appeared before me.

Signature \_\_\_\_\_  
Signature of Notary Public

Seal  
 Place Notary Seal Above

**OPTIONAL**

*Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.*

**Description of Attached Document**  
 Title or Type of Document: Affidavit re: Commissioner's Order - File No. 11056 Document Date: 7/6/16  
 Number of Pages: \_\_\_\_\_ Signer(s) Other Than Named Above: none