

No. 2017- 5188

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

Date: AUG 2 1 2017

**Subject Considered:**

**ALLEGIAN INSURANCE COMPANY**  
4801 NW Loop 41, Ste 380  
San Antonio, Texas 78229

**CONSENT ORDER**  
TDI ENFORCEMENT FILE NO. 13216

**General remarks and official action taken:**

This order is in consideration of whether disciplinary action should be taken against Allegian Insurance Company (AIC).

**WAIVER**

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

**FINDINGS OF FACT**

1. TDI issued AIC basic service health maintenance organization (HMO) license number 96042, effective November 7, 2005.

**2013 and 2016 Triennial Examinations**

2. TDI conducted a triennial quality of care examination of AIC for the period beginning January 20, 2010, and ending February 11, 2013.
3. In 2016, TDI conducted another triennial quality of care examination of AIC for the period beginning February 11, 2013, and ending December 31, 2015.
4. On December 21, 2016, TDI held an on-site exit conference with AIC to discuss the 2016 examination findings.

5. In AIC's 2016 examination, TDI found evidence AIC failed to monitor its delegated entities for compliance with all applicable statutes and rules during the scope of the exam, similar to those issues TDI previously identified in AIC's 2013 examination.
6. In AIC's 2016 examination, TDI found evidence that AIC failed to provide a reasonable opportunity for a provider to have a peer to peer discussion on treatment prior to issuing an adverse determination letter, similar to those issues TDI previously identified in AIC's 2013 examination.
7. In AIC's 2016 examination, TDI found evidence AIC failed to meet the statutory claims payment period and failed to pay penalties on those claims.
8. AIC failed to correct the deficiencies within 90 days from the receipt of its 2013 examination report, in accordance with its 2013 corrective action plan.
9. AIC submitted a plan of correction to address the deficiencies cited in the final audit report issued by TDI on March 3, 2017.

## **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, 401.055, 843.342, 1272.053, and 4201.406; 28 TEX. ADMIN. CODE §§ 11.303, 11.2603, 19.1703, and 21.2815; and TEX. GOV'T CODE §§ 2001.051-2001.178.
2. The commissioner has authority to informally dispose of this matter as set forth under TEX. GOV'T CODE § 2001.056, TEX. INS. CODE §§ 82.055 and 36.104, and 28 TEX. ADMIN. CODE § 1.47.
3. AIC violated TEX. INS. CODE § 1272.053 and 28 TEX. ADMIN. CODE § 11.2603 because it failed to monitor its delegated entities for compliance with all applicable statutes and rules during the scope of the exam.
4. AIC violated TEX. INS. CODE § 4201.206 and 28 TEX. ADMIN. CODE §§ 19.1703 and 19.1710, because it failed to provide a reasonable opportunity for a provider to have a peer to peer discussion on treatment prior to issuing an adverse determination letter.
5. AIC violated TEX. INS. CODE § 843.342 and 28 TEX. ADMIN. CODE §§ 21.2815 because it failed to pay clean claims in a timely manner.
6. AIC violated 28 TEX. ADMIN. CODE § 11.303 by failing to correct the deficiencies cited within its plan of correction within 90 days from the receipt of the written examination report.

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COMMISSIONER'S ORDER  
Allegian Insurance Company  
TDI Enforcement File No. 13216  
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The commissioner orders Allegian Insurance Company to pay an administrative penalty of \$120,000 within 30 days from 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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Kevin Brady  
Deputy Commissioner for Agency Affairs  
Texas Department of Insurance  
Delegation Order 4506

Approved as to Form and Content:

  
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Bev Rosendahl, Staff Attorney  
Enforcement Section  
Texas Department of Insurance

