

No. 2018-5562

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

**Date:** JUL 03 2018

**Subject Considered:**

FIRST CONTINENTAL LIFE AND ACCIDENT INSURANCE COMPANY  
101 Parklane Blvd, Suite 301  
Sugarland, Texas 77478

**CONSENT ORDER**  
TDI ENFORCEMENT FILE NO. 15443

**General remarks and official action taken:**

The subject of this order is whether disciplinary action should be taken against First Continental Life and Accident Insurance Company (First Continental).

**WAIVER**

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

Pursuant to TEX. INS. CODE § 82.055(b), First Continental agrees to this consent order with the express reservation that it does not admit to a violation of any provision of the Insurance Code or rule or regulation of the department and maintains the existence of any violation is in dispute.

**FINDINGS OF FACT**

1. The Texas Department of Insurance (TDI) issued First Continental basic service health maintenance organization (HMO) license number 93506, effective January 28, 2015.

**2015 Triennial Examination**

2. TDI conducted a triennial quality of care examination of First Continental for the period beginning February 11, 2013, and ending December 31, 2015.
3. On October 12, 2017, TDI held an exit conference call with First Continental to discuss the 2015 examination findings.

## **Examination Findings**

4. First Continental failed to file a copy with TDI of the notice published in a newspaper to inform physicians and providers of the application period to participate in providing health care services, within 15 days of publication. This was similar to issues TDI previously identified in a 2013 examination of First Continental.
5. First Continental failed to submit quarterly claims payment information to TDI for 2013, 2014, and 2015. First Continental has filed and is current on all reporting.
6. First Continental failed to pay prompt pay penalties on clean claims to providers and TDI for 2014 and 2015. First Continental has paid all penalties owed on clean claims.
7. First Continental's utilization review policies and claim processing policies and procedures failed to comply with statutory requirements.
8. First Continental listed providers in the paper and on-line directories that were not within its approved service area.
9. First Continental is not processing oral complaints in accord with the Complaint Procedure Manual it provided to TDI.
10. First Continental submitted a plan of correction to address the deficiencies cited in the final examination report issued by TDI on December 15, 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, 843.201, 843.2015, 843.251, 843.305, 843.341, and 843.342; 28 TEX. ADMIN. CODE §§ 11.1402, 11.1607, and 21.2821; 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. First Continental has knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry of this order, including, but not limited to, issuance and service of notice of intention to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.
4. First Continental violated TEX. INS. CODE § 843.305 and 28 TEX. ADMIN. CODE § 11.1402(d) because it failed to file a copy with TDI of the notice published in a newspaper to inform physicians and providers of the application period to participate in providing health care services, within 15 days of publication.

5. First Continental violated 28 TEX. ADMIN. CODE § 21.2821 because it failed to submit quarterly claims payment information to TDI for 2013, 2014, and 2015.
6. First Continental violated TEX. INS. CODE § 843.342(a) and (m) and 28 TEX. ADMIN. CODE § 21.2815(a)(1) because it failed to pay prompt pay penalties on clean claims to providers and TDI for 2014 and 2015.
7. First Continental violated TEX. INS. CODE § 843.341 because its utilization review policies and claim processing policies and procedures failed to comply with statutory requirements.
8. First Continental violated TEX. INS. CODE § 843.201 and 843.2015 and 28 TEX. ADMIN. CODE § 11.1607 because it listed providers in the paper and on-line directories that were not within its approved service area.
9. First Continental violated TEX. INS. CODE § 843.251 because it did not process oral complaints in accord with the Complaint Procedure Manual it provided to TDI.

It is ordered that First Continental Life and Accident Insurance Company pay an administrative penalty of \$40,000 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 60851, MC 9999, P.O. Box 149104, Austin, Texas, 78714-9104.



Kent C. Sullivan  
Commissioner of Insurance

Approved as to Form and Content:



Bev Rosendahl  
Staff Attorney, Enforcement Section  
Texas Department of Insurance

