

No. 2016-4773

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

Date: NOV 03 2016

**Subject Considered:**

**DENTICARE, INC.**  
500 West Main Street  
Louisville, KY 40202

**CONSENT ORDER**  
TDI ENFORCEMENT FILE NO. 10651

**General remarks and official action taken:**

The commissioner of insurance considers whether disciplinary action should be taken against Denticare, Inc. (Denticare).

**WAIVER**

Denticare acknowledges that the Texas Insurance Code and other applicable laws provide certain rights. Denticare 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 June 3, 1988, TDI issued Denticare health maintenance organization license no. 5211.
2. On October 19, 2015, the MCQA office sent a warning letter to Denticare advising them of numerous prompt pay insurance code violations and requested that Denticare file corrected information.
3. On November 13, 2015, email correspondence was sent to Denticare noting that the department had failed to receive corrected information. MCQA never received a response to this email.

**Late Paid Claims Violation**

4. Denticare 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.

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5. Denticare provided payment information and data that revealed that Denticare failed to pay claims in a timely manner as follows:

Year 2015      Quarter 2- 2.76% of clean claims paid late  
                    Quarter 3- 4.30% of clean claims paid late  
                    Quarter 4- 2.59% of clean claims paid late

Year 2016      Quarter 1- 5.80% of clean claims paid late  
                    Quarter 2- 5.49% of clean claims paid late

6. Denticare had incorrect platform information for some large in network provider groups that caused claims to initially be denied as out of network. Identification, correction, and reprocessing of these claims caused the volume of clean claims paid late to increase dramatically in April 2016, resulting in the Quarter 2 2016 non-compliance.
7. Denticare has informed the department that system upgrades have been resolved. A review process was implemented to ensure the issue does not reoccur, reporting enhancements have been implemented to ensure aging claims are processed timely and accurately as in network, and a cleanup project was completed in 2nd quarter 2016 to ensure all previous claims were corrected.
8. Denticare implemented additional corrective actions as a result of 98% of claims not being processed timely during the quarters noted above.
9. Denticare submitted Quarter 3 2016 information and data, and the department confirmed that 99.39% of clean claims were processed timely.

### **HB 610 Violation**

10. HB 610, 76<sup>th</sup> Legislature requires Denticare to submit quarterly claims payment information for all provider contracts issued or renewed before August 16, 2003, or to request an exemption from such reporting.
11. Denticare failed to submit the quarterly claims payment information. Denticare was granted an exemption for such reporting on October 3, 2016.

### **Clean Claims Reporting Violation**

12. Denticare has not been correctly reporting the number of clean claims it received in its prompt payment reporting. Instead, Denticare reported zeros as follows:

Year 2015      Quarters 2, 3, and 4

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13. Denticare cooperated with TDI in its investigation and resolution of this matter and changed its processes for reporting the number of clean claims it receives.
14. On February 23, 2016, Denticare correctly reported the number of clean claims filed for 2015 Quarters 2, 3, and 4.
15. Denticare submitted Quarters 1 and 2, 2016, clean claims data that is in compliance with the prompt pay statutes and rules.

## 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 21.2821; 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. Denticare 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.
4. Denticare violated 28 TEX. ADMIN. CODE § 21.2821 because it failed to submit quarterly claims payment HB 610 exemption information in a timely manner.
5. Denticare violated 28 TEX. ADMIN. CODE §§ 21.2821(c)(3)-(4) because it failed to report the number of clean claims received.

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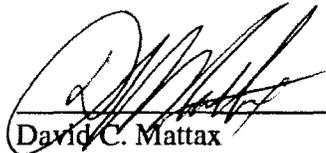
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The commissioner orders Denticare, Inc. to pay an administrative penalty of \$75,000 within 30 days of the date of this Order. The administrative penalty must be paid by company check, cashier's check, or money order made payable to the "State of Texas." 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

