

No. 2017-4949

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

Date: FEB 22 2017

Subject Considered:

HEALTHPLAN SERVICES, INC.
P.O. Box 30098
Tampa, FL 33630

CONSENT ORDER
TDI ENFORCEMENT FILE NO. 11731

General remarks and official action taken:

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

WAIVER

HPS acknowledges that the Texas Insurance Code and other applicable laws provide certain rights. HPS does not object to the terms and entry of this consent order.

Pursuant to TEX. INS. CODE § 82.055(b), HPS 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 there is a dispute.

FINDINGS OF FACT

1. On May 17, 1990, TDI issued HPS third party administrator license no. 5195.
2. On April 2, 2016, HPS initiated a complex software system change designed to update automation of consumer premium payments on the company's mainframe database.
3. The software update suffered an unintended system error and did not perform as expected. HPS represents that consumer accounts for at least four different Texas health carriers were drafted for premium withdrawal every five minutes for three days, resulting in multiple drafts of at least 1,293 Texas consumers' accounts.
4. Upon discovery, HPS represents that it immediately shut down the process, contacted affected consumers by phone and letter, provided full and complete restitution of all

unauthorized withdrawals, and reimbursed consumers for overdraft fees that were incurred.

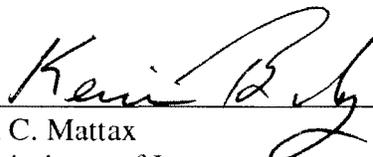
- 5. HPS cooperated with TDI in its investigation and resolution of this matter, and represents that it has implemented extensive detection, preventive, and monitoring controls to ensure proper processing of consumer payments and drafts.

CONCLUSIONS OF LAW

- 1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 31.002; 82.051-82.055, and 4151.112; 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. HPS violated TEX. INS. CODE § 4151.112(b)(2) by failing to maintain adequate books and records for a limited number of its transactions in accordance with the prudent standards of insurance recordkeeping.

The commissioner orders Healthplan Services, Inc. to immediately comply in all respects with the Texas Insurance Code and other applicable laws.

The commissioner orders Healthplan Services, Inc. to implement all preventive measures set forth in Finding of Fact No. 4.



David C. Mattax
Commissioner of Insurance
By: Kevin Brady, Deputy Commissioner
Delegation Order 4506

Approved as to Form and Content:



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

