

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

In the Matter of:

<b>Proceedings by the Commissioner of</b>	)	
<b>Banking and Insurance, State of New Jersey,</b>	)	<b>CONSENT</b>
<b>to fine Horizon Healthcare Services, Inc. and</b>	)	<b>ORDER</b>
<b>Horizon Healthcare of New Jersey, Inc.</b>	)	

TO: Horizon Healthcare Services, Inc.  
3 Penn Plaza East  
Newark, N.J. 07105

Horizon Healthcare of New Jersey, Inc.  
3 Penn Plaza East  
Newark, N.J. 07105

This matter having been opened to the Commissioner of Banking and Insurance ("Commissioner") of the Department of Banking and Insurance ("Department") of the State of New Jersey, upon the filing of a report of a Limited Scope Examination of Horizon Healthcare Services, Inc., a health service corporation established pursuant to N.J.S.A. 17:48E-1 et seq., and Horizon Healthcare of New Jersey, Inc., a health maintenance organization established pursuant to N.J.S.A. 26:2J-1 et seq., (collectively "Horizon"), dated December 6, 2010, performed by the Department pursuant to the authority provided at N.J.S.A. 17:48E-37 and 26:2J-18.1; and

IT APPEARING that on December 13, 2010 the Commissioner adopted the limited scope examination report, which sets forth findings upon examination of Horizon conducted by the Department; and

IT FURTHER APPEARING that by letter dated December 21, 2010 Horizon responded to the limited scope examination report; and

IT FURTHER APPEARING that the Department's examination was conducted to evaluate the companies' compliance with various statutes and regulations applicable to health service corporations and health maintenance organizations, and particularly Horizon's compliance with statutes and regulations regarding claims handling and processing for health benefits plans. The examination revealed certain instances in which the companies' practices did not accord with various provisions of applicable statutes and regulations. These instances, as fully set forth in the December 6, 2010 report, are incorporated herein by reference; and

IT FURTHER APPEARING that as a result of the Department's examination, Horizon has agreed to take corrective measures to address the acts and omissions set forth in the December 6, 2010 limited scope examination report and to prevent the future occurrence of such acts and omissions, including:

1. Horizon will reprocess claims arising under New Jersey insured contracts where it paid benefits secondary to Medicare. Horizon will remit any amounts owing as a result of the reprocessing plus 12% interest to members or providers on or before October 1, 2011. In cases where the amount of principal plus interest on a reprocessed claim is \$49.99 or less, Horizon may accumulate such de minimus amounts and make payment to the State rather than to members or providers on or before October 1, 2011. Horizon will provide a report of all reprocessed claims to the Department on or before November

15, 2011. Assuming an October 1, 2011 payment date and use of a \$49.99 principal plus interest de minimus amount, this reprocessing will result in Horizon's payment of approximately \$5,070,515 to providers and members and approximately \$1,320,561 to the State.

2. Horizon will revise its current practices for processing claims when secondary to Medicare with guidance from the Department. Horizon will establish written policies and procedures regarding the processing of claims when secondary to Medicare and implement such revisions no later than October 1, 2011 (the "COB Remediation Date"). Claims processed on and after January 1, 2011 shall be subject to the revised policy. If Horizon processes claims between January 1, 2011 and the COB Remediation Date in a manner that is not consistent with the revised policy, it shall not recoup overpayments caused by noncompliance with the revised policy.
3. Horizon will disgorge to the State the amount of interest estimated by the examiners to have been underpaid on claims that Horizon pended for determination of whether the payment of the claim could be denied under the pre-existing condition exclusion of the pertinent contract but ultimately paid, which amounts to \$1,355,997, within thirty days of the date of this Consent Order.
4. Within thirty days of the date of this Consent Order, Horizon will finalize the plan it submitted to the Department to address the aged claims pended for pre-existing condition review in Horizon's claims adjudication system as of July 16, 2010 as noted in the limited scope

examination report. Said plan shall be subject to Department approval prior to implementation.

and;

IT FURTHER APPEARING that Horizon, has waived its right to a hearing and consented to a penalty in the amount of five hundred thousand dollars (\$500,000) in order to fully and completely resolve all issues arising from the December 6, 2010 limited scope examination report; and

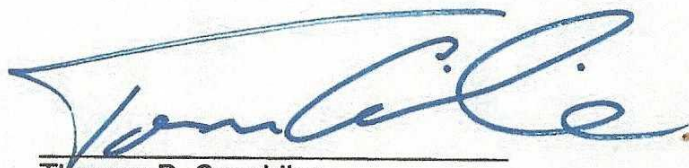
IT FURTHER APPEARING that this matter may be resolved upon the consent of the parties to these proceedings without resort to a formal hearing; and

NOW, THEREFORE, IT IS on this 30th day of December, 2010,

ORDERED AND AGREED as follows:

1. Within fifteen (15) days of the execution of this Consent Order by the Commissioner as the final signatory, Horizon shall remit to the Department a penalty in the amount of five hundred thousand dollars (\$500,000). The penalty shall be paid to the New Jersey Department of Banking and Insurance, 20 West State Street, P. O. Box 329, Trenton, New Jersey 08625, attention: Gale Simon, Assistant Commissioner, by wire transfer or company check made payable to the State of New Jersey, General Treasury.
2. Horizon shall implement the corrective measures detailed above within the specified time frames.
3. The provisions of this Consent Order represent a final agency decision and constitute a final resolution of the instances of nonconformance referenced herein.

4. Horizon shall continue to institute measures and monitor operations in order to identify and cure practices which may result in the acts, omissions or violations addressed in this Consent Order.
5. The Department reserves the right to revise the terms of the within Consent Order should the corrective actions enumerated above not occur as specified.



Thomas B. Considine  
Commissioner of Banking and  
Insurance

Consented to as to form and content:



Mark Barnard, Sr. Vice President, Service  
Horizon Healthcare Services, Inc.  
Horizon Healthcare of New Jersey, Inc.

Dated: 12/30/2010