

IN THE MATTER OF THE FAILURE OF)
HEALTH NET OF NEW JERSEY, INC. TO)
TIMELY SUBMIT A PLAN OF CORRECTION)

ADMINISTRATIVE
ORDER

THIS MATTER having been opened by the Department of Health and Senior Services (“Department”) in accordance with the authority set forth at N.J.S.A. 26:1A-15, and N.J.S.A. 26:2J-1 et seq.;

WHEREAS, to minimize the number of times that HMOs must routinely submit information to the Department while accommodating the Department’s need to examine the HMO’s activities, the Department developed a document commonly referred to as the HMO Annual Supplement;

WHEREAS, the HMO Annual Supplement is routinely required to be submitted by HMOs to the Department on March 1 annually, in accordance with N.J.S.A. 26:2J-9 and N.J.A.C. 8:38-3.8, accompanied by the \$1,000 fee set forth at N.J.S.A. 26:2J-18 for examination, unless the Department postpones the due date;

WHEREAS, Health Net of New Jersey, Inc., (Health Net) is an HMO;

WHEREAS, Health Net submitted its HMO Annual Supplement for 2004 on April 1, 2005 following a request for an extension, which was granted by the Department;

WHEREAS, upon review, the Department determined that the submission was incomplete;

WHEREAS, the Department on May 4, 2005 issued a letter to Health Net enumerating the items that were missing from the April 1 submission and requested that said items be submitted to the Department no later than May 13, 2005;

WHEREAS, Health Net submitted information to the Department on May 13, 2005 which, upon review by the Department, was found to be incomplete;

WHEREAS, on May 25, 2005, the Department issued OMC Order 2005-06 citing Health Net for its failure to timely submit a complete HMO Annual Supplement, imposing payment of a fine of \$2,500, demanding on or before June 9 submission of the missing information identified by the Department in the Order and demanding that Health Net submit a Plan of Correction (POC) within 30 days following the date of the Order. ¹

WHEREAS, in addition to imposing a deadline for the submission of the missing information identified by the Department in the Order on or before June 9, the Order also required that Health Net submit a Plan of Correction within 30 business days following the date of the Order.

WHEREAS, Health Net failed to timely submit a POC on or before July 8, 2005 as set forth in paragraph 6 of OMC Order 2005-06. ²

WHEREAS, Health Net did not request a hearing about or stay of any of the provisions of OMC Order 2005-06;

THEREFORE, IT IS ORDERED on this 9th day of August that:

1. Health Net shall submit the POC required by OMC Order 2005-06 no later 10 business days following the date of this Order, in accordance with the instructions set forth in OMC Order 2005-06;

¹ The Department required Health Net to submit a POC explaining how Health Net would assure that it would timely submit information required for future reports, and be responsive to future requests for information made by the Department.

² Health Net submitted the required information for the Annual Supplement on or before June 9, 2005, and submitted payment for the \$2,500 fine imposed by OMC Order 2005-06 on June 27, 2005. However, submission of additional information necessary to complete the HMO Annual Supplement and the fine did not absolve Health Net of the obligation, or toll the requirement, to submit a POC.

2. Health Net shall pay a fine of \$250 per business day for each day that Health Net failed to submit the required POC, beginning July 11, 2005 until the conclusion of 10 business days following the date of this Order, and thereafter, shall pay a fine of \$500 per business day for each day that Health Net fails to submit the required POC pursuant to OMC Order 2005-06;

3. Health Net shall submit payment of the fine to the Director of the Office of Managed Care by check or money order made payable to “Treasurer, State of New Jersey,” in a single sum no later than the date this paragraph becomes effective as specified in paragraph 6 of this Order.

4. Obligations under this Order are imposed pursuant to the police powers of the State of New Jersey for the enforcement of law and the protection of public health, safety and welfare and are not intended to constitute a debt or debts subject to limitation or discharge in a bankruptcy proceeding.

5. All numbered paragraphs of this Order, other than paragraphs 1 and 2 shall be effective as of the date of the Order, and no paragraphs of this Order shall be stayed pending the conclusion of an administrative hearing and the rendering of a final decision by the Commissioner of the Department, except as paragraph 6 applies.

6. Paragraphs 1 and 2 shall become effective 30 days following the date of this Order, in accordance with N.J.A.C. 8:38-2.14 (c), unless Health Net, prior to the end of the 30-day period, files with the Department a written request for a hearing and a written request to Stay the Order with respect to paragraphs 1 and 2 until the conclusion of an administrative hearing and the rendering of a final decision by the Commissioner of the

Department. A request for a hearing shall be accompanied by a written response to the violations set forth in this order.

7. If Health Net wishes to request an administrative hearing, then Health Net shall submit such a request in writing no later than 30 days following the date of this Order to: Director, Office of Legal and Regulatory Affairs, P.O. Box 360, Trenton, NJ 08625-0360, or by fax at 609-292-5333.

Questions should be submitted to Marilyn Dahl, Deputy Commissioner, at 609-984-3939 or to Sylvia Allen-Ware, Director of the Office of Managed Care, at 609-633-0660.

MARILYN DAHL
Deputy Commissioner

/s/ Marilyn Dahl