

**IN RE:
MEGA LIFE AND HEALTH INSURANCE
COMPANY**

)
) **CONSENT AGREEMENT**
) **Docket No. INS 02-755**
)

This document is a Consent Agreement, authorized by 10 M.R.S.A. § 8003(5)(B), entered into by and among Mega Life and Health Insurance Company (hereafter “Mega”), the Superintendent of the Maine Bureau of Insurance (hereafter “the Superintendent”), and the Department of the Attorney General. Its purpose is to resolve, without resort to an adjudicatory proceeding, violations of the Maine Insurance Code as set forth below.

FACTS

1. The Superintendent is the official charged with administering and enforcing Maine’s insurance laws and regulations.
2. Mega Life and Health Insurance Company is a Maine licensed life and health company (LHF), license number 993, NAIC # 59-2213662.
3. On March 5, 2002, Consumer filed a complaint with the Bureau, complaint # 2002517618 regarding Mega’s denial of benefits for routine newborn care. Following a cesarean birth, Consumer and her newborn were both inpatients at the hospital from the time of birth on the morning of 12/10/2001 until their discharge on the morning of 12/13/2001. Mega denied claims for \$930 for room and board for the nursery, \$356 for miscellaneous hospital charges for the newborn, and \$562 for newborn physician visits.
4. In response to repeated inquiries Consumer made prior to filing a consumer complaint with the Bureau on March 5, 2002, Mega repeatedly advised Consumer that routine nursery charges were not covered expenses under her policy.
5. Title 24-A M.R.S.A. § 2834-A, effective April 5, 1996, provides:

“An insurer that issues group contracts providing maternity benefits, including benefits for childbirth, shall provide coverage for services related to maternity and routine newborn care, including coverage for hospital stay, in accordance with the attending physician’s or attending certified nurse midwife’s determination in conjunction with the mother that the mother and newborn meet the criteria outlined in the “Guidelines for Perinatal Care,” published by the American Academy of Pediatrics and the American college of Obstetrics and Gynecology. For the purposes of this section, “routine newborn care” does not include any services provided after the mother has been discharged from the hospital. For the purposes of this section, “attending physician” includes the obstetrician, pediatrician or other physician attending the mother and newborn. Benefits for routine newborn care required by this section are part of the mother’s benefit. The mother and the newborn are treated as one person in calculating the deductible, coinsurance and co-payments for coverage required by this section.”

6. Mega’s April 1, 2002 letter to the Bureau in response to Consumer’s complaint acknowledged the obligation to pay for routine newborn care and advised that Consumer’s claims would be paid. Mega has advised the Bureau in writing that it has protocols in place to ensure that claims are administered in compliance with all Maine small group mandates. However, as of June 1, 2002, Mega had not provided Maine consumers with an Amendatory Endorsement reflecting benefits for routine newborn care. Therefore, consumers entitled to benefits for routine newborn care may not have been aware of their rights under Maine law.

CONCLUSIONS OF LAW

7. As described in paragraphs 1-6 above, Mega violated 24-A M.R.S.A. § 2834-A by denying claims for routine newborn care.

COVENANTS

8. A formal hearing in this matter is waived and no appeal will be made.

9. At the time of executing this Agreement, Mega shall pay to the Bureau of Insurance a penalty in the amount of Five Thousand Dollars (\$5,000) payable to the Treasurer of the State of Maine.

10. In consideration of Mega Life and Health Insurance Company's execution of, and compliance with, the terms of this Consent Agreement, the Superintendent agrees to forgo pursuing any disciplinary measures or other civil sanction for the specific violation in denying the claims of the particular consumer who filed Bureau complaint # 2002517618, as described above. The Superintendent may pursue disciplinary action arising from any other benefit denial in violation of Maine law.

11. Within 10 days Mega will mail approved maternity rider amendments reflecting coverage for routine newborn care to all Maine insureds who have maternity coverage. Mega will file a postal certification of mailing, or an affidavit signed by an officer of the company, identifying the enrollees to whom endorsements were sent.

12. Within 60 days Mega will provide the Bureau with documentation showing that it has undertaken a thorough review of all claim denials from April 5, 1996 and will identify any claims denied in violation of 24-A M.R.S.A. Section 2834-A. Mega will pay all claims so identified, with interest pursuant to Title 24-A M.R.S.A. Section 2436. Compliance with this paragraph will not prohibit the Superintendent from pursuing disciplinary action with regard to any violation found to have occurred, other than the violation arising out of Bureau complaint # 2002517618.

MISCELLANEOUS

13. This Consent Agreement may only be modified by the written consent of the parties.

14. It is understood by the parties to this Agreement that nothing herein shall affect any rights or interests of any person not a party to this Agreement.

15. Mega acknowledges that this Consent Agreement is a public record within the meaning of 1 M.R.S.A. § 402 and will be available for public inspection and copying as provided for by 1 M.R.S.A. § 408. Mega also acknowledges that this complaint will be reported to the NAIC for inclusion in the RIRS database.

16. Mega has been advised of its right to consult with counsel and has, in fact, consulted with counsel before executing this Agreement.

17. Nothing herein shall prohibit the Superintendent from seeking an order to enforce this Agreement, or from seeking additional sanctions in the event that Mega does not comply with the above terms.

Signature Pages

Docket No. INS 02-755

MEGA LIFE AND HEALTH INSURANCE COMPANY:

Dated: _____, 2002
By: _____

Printed Name and Title

Subscribed and sworn to before me

this _____ day of _____, 2002.

Notary Public

Printed Name

Date of Commission Expiration

MAINE BUREAU OF INSURANCE:

Dated: _____, 2002 By: _____

Alessandro A. Iuppa

Superintendent of Insurance

STATE OF MAINE

KENNEBEC, SS.

Subscribed and sworn to before me

this _____ day of _____, 2002

Notary Public/Attorney-at-Law

MAINE DEPARTMENT OF THE ATTORNEY GENERAL:

Dated: _____, 2002

By: _____

Thomas C. Sturtevant, Jr.

Assistant Attorney General