IN THE MATTER OF THE	*	**BEFORE THE MARYLAND**
	*	
MARYLAND INSURANCE ADMINISTRATION	*	**INSURANCE COMMISSIONER**
	*	
	*	
v.	*	
	*	
BETTY M. HALL	*	**CASE NO. : MIA-2016-04-011**
948 Barron Avenue	*	
Baltimore, Maryland 21221	*	**Fraud Division File No.: R-2015-3930A**
	*	

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ORDER

This Order is entered by the Maryland Insurance Administration ("MIA") against Betty M. Hall ("Respondent") pursuant to §§ 2-108, 2-201, 2-204 and 2-405 of the Insurance Article, Md. Code Ann. (2011 Repl. Vol. & Supp.)("the Insurance Article").

I. Facts

1. Respondent has a cancer wellness policy as well as an accident insurance policy with American Family Life Assurance Company of Columbus ("AFLAC"), an authorized insurer. The cancer wellness policy went into effect on June 1, 2007; the accident policy was incepted on June 1, 2006.

2. The cancer policy covered Respondent, her spouse, and all dependent children for cancer screening up to $75.00 per year, limited to one payment for each named insured. The accident policy covered Respondent and her dependents and was limited to an annual one-time payment of $60.00.

3. Between December 7, 2012 and December 2, 2015, Respondent submitted nineteen Cancer Wellness Benefit Claim Forms ("claim form(s)") to AFLAC for herself and six dependents. Relying on the aforementioned claim forms, AFLAC paid Respondent $1,425.00 in

benefits. The nineteen claims were stated to be for cancer screenings for Respondent and named dependents dating back to 2012.

4. Each of the aforementioned claim forms identified Respondent as the policyholder, type of treatment, the named dependent and the identity of the treating physician. Each claim form contained a fraud warning and was signed by Respondent.

5. During a routine audit, AFLAC noticed Respondent had filed an unusually high number of cancer screening claims for her dependent children. The claim forms revealed that each of the named dependents had received annual chest x-rays and other treatments over several years. Based on this factor, the claims were referred to AFLAC's Special Investigations Unit ("SIU") for further investigation.

6. The AFLAC SIU contacted some of the providers reflected on the claim forms submitted by Respondent and determined that the providers had not performed the listed treatments.

7. On June 1, 2015, AFLAC SIU mailed a certified letter to Respondent, requesting verification for the submitted claims. Respondent did not reply to the request, and AFLAC mailed her another certified letter, requesting restitution in the amount of $1,350.00 for 18 claims it determined to be fraudulent.

8. Section 27-802(a)(1) of the Maryland Insurance Article states, "An authorized insurer, its employees, fund producers, insurance producers, ... who in good faith has cause to believe that insurance fraud has been or is being committed shall report the suspected insurance fraud in writing to the Commissioner, the Fraud Division, or the appropriate federal, State or local law enforcement authorities." AFLAC, having a good faith belief that Respondent

committed insurance fraud, referred the matter to the Maryland Insurance Administration, Fraud Division.

9. During the course of its investigation, MIA contacted AFLAC and confirmed its handling of Respondent's claims.

10. MIA contacted each of the named providers listed on all 18 claim forms submitted by Respondent and confirmed all but one of the 18 claims was fraudulent. Of these 17 fraudulent claims, MIA learned that the alleged treatments had never been performed, and in several cases, the providers had no record of ever treating the named patients. MIA examined checks issued to Respondent by AFLAC, as well as corresponding explanation of benefit ("EOB") forms, and found that AFLAC relied on three of Respondent's previously submitted cancer wellness claims and paid her an additional $180.00 under her accident policy. Those three claims were in addition to the 17 claims determined to be false.

11. MIA interviewed Respondent, who admitted to submitting 17 fraudulent claim forms to AFLAC under her cancer and accident policies for medical treatments never performed. As a result, AFLAC paid Respondent $1,455.00 in benefits.

II. Violation(s)

12. In addition to all relevant sections of the Insurance Article, the Administration relies on the following pertinent sections in finding that Respondent violated Maryland's insurance laws:

13. § **27-403**

It is a fraudulent insurance act for a person:

(2) to present or cause to be presented to an insurer documentation or an oral or written statement made in support of a claim...with knowledge that the documentation or statement contains false or misleading information about a matter material to the claim.

14. § **27-408(c)**

(1) In addition to any criminal penalties that may be imposed under this section, on a showing by clear and convincing evidence that a violation of this subtitle has occurred, the Commissioner may:

(i) impose an administrative penalty not exceeding $25,000 for each act of insurance fraud; and

(ii) order restitution to an insurer or self–insured employer of any insurance proceeds paid relating to a fraudulent insurance claim.

* * * * * *

(2) In determining the amount of an administrative penalty, the Commissioner shall consider:

(i) the nature, circumstances, extent, gravity, and number of violations;
(ii) the degree of culpability of the violator;
(iii) prior offenses and repeated violations of the violator; and
(iv) any other matter that the Commissioner considers appropriate and relevant.

15. By the conduct described herein, Respondent knowingly violated §27-403. As such, Respondent is subject to an administrative penalty under the Insurance Article §27-408(c).

III. Sanctions

16. Insurance fraud is a serious violation which harms consumers in that the losses suffered by insurance companies are passed on to consumers in the form of higher premiums. The Commissioner may investigate any complaint that alleges a fraudulent claim has been submitted to an insurer. Insurance Article §§ 2-201(d)(1) and 2-405.

17. Respondent submitted fictitious claim forms to AFLAC and received monetary benefits for treatments that were never performed. Relying on these claims, AFLAC paid Respondent $1,455.00. Having considered the factors set forth in § 27-408(c)(2) and COMAR 31.02.04.02, MIA has determined that $6,500.00 is an appropriate penalty.

18. Additionally, Respondent is ordered to reimburse AFLAC $1,455.00, which is the amount Respondent received in fraudulent benefits.

19. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2015-3930A) and name, (Betty M. Hall). Unpaid penalties will be referred to the Central Collections Unit for collection. Payment of the administrative penalty shall be sent to the attention of: Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202.

20. Notification of reimbursement to AFLAC shall be made in writing to the Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Such notification shall include a copy of the money order or cancelled check issued to AFLAC as proof of reimbursement and identify the case by number (R-2015-3930A) and name, (Betty M. Hall).

21. This Order does not preclude any potential or pending action by any other person, entity or government authority, regarding any conduct by the Respondent including the conduct that is the subject of this Order.

WHEREFORE, for the reasons set forth above, and subject to the right to request a hearing, it is this 14th day of April 2016, **ORDERED** that:

(1) Betty M. Hall pay an administrative penalty of $6,500.00 within 30 days of the date of this Order.

(2) Betty M. Hall pay restitution to AFLAC in the amount of $1,455.00 within 30 days of the date of this Order.

ALFRED W. REDMER, JR.
Insurance Commissioner

BY: signature on original
NANCY GRODIN
Deputy Commissioner

RIGHT TO REQUEST A HEARING

Pursuant to § 2-210 of the Insurance Article and Code of Maryland Regulations ("COMAR") 31.02.01.03, an aggrieved person may request a hearing on this Order. This request must be in writing and received by the Commissioner within thirty (30) days of the date of the letter accompanying this Order. However, pursuant to § 2-212 of the Article, the Order shall be stayed pending a hearing only if a demand for hearing is received by the Commissioner within ten (10) days after the Order is issued. The written request for hearing must be addressed to the Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202, Attn: Hearings and Appeals Coordinator. The request shall include the following information: (1) the action or non-action of the Commissioner causing the person requesting the hearing to be aggrieved; (2) the facts related to the incident or incidents about which the person requests the Commissioner to act or not act; and (3) the ultimate relief requested. The failure to request a hearing timely or to appear at a scheduled hearing will result in a waiver of your rights to contest this Order and the Order shall be final on its effective date. Please note that if a hearing is requested on this initial Order, the Commissioner may affirm, modify, or nullify an action taken or impose any penalty or remedy authorized by the Insurance Article against the Respondent in a Final Order after hearing.