

IN THE MATTER OF THE
MARYLAND INSURANCE
ADMINISTRATION

v.

MILDRED SANCE
11316 Cherry Hill Rd., Apt 202
Beltsville, Maryland 20705

AND

WENDY DUARTE
9532 Muirkirk Rd., Apt 301
Laurel, Maryland 20708

AND

DAVONNE BROADNAX
11352 Cherry Hill Rd., Apt 201
Beltsville, Maryland 20705

* BEFORE THE MARYLAND
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* INSURANCE COMMISSIONER
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* CASE NO. : MIA-2017-10-017
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* CASE NO. : MIA-2017-10-018
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* CASE NO. : MIA-2017-10-019
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* Fraud Division File No.: R-2017-1069A
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ORDER

This Order is entered by the Maryland Insurance Administration (“MIA”) against Mildred Sance (“Sance”), Wendy Duarte (“Duarte”), and Davonne Broadnax (“Broadnax”), collectively, Respondents pursuant to §§ 2-108, 2-201, 2-204, and 2-205 of the Insurance Article, Md. Code Ann. (2011 Repl. Vol. & Supp.)(“the Insurance Article”).

I. Facts

1. Sance was employed as a billing administrator for a dental office (hereinafter “D.O.”) in Silver Spring, Maryland. Respondents Duarte and Broadnax were known to Sance.

2. Duarte and Broadnax were employed by LabCorp. They had health insurance with Cigna Health Insurance Company (“Cigna”), an authorized insurer through their employer. Under the terms of the LabCorp policy, Cigna provided 80% reimbursement to its members who

received medical treatment, after the provider's contracted rate was applied and the member's out of pocket cost was deducted.

3. Sance's employer (the D.O.) is a Cigna contracted healthcare provider.

4. Cigna received three Dental Claim Forms from the D.O. for dental service it purportedly provided to Duarte and two of her dependents. The claim forms instructed Cigna to, "Please send payment to patient" and cited dental procedures on May 19, 2016, for Duarte and one of her dependents totaling \$3,184.00 and dental procedures on June 24, 2016, for another one of her dependent totaling \$1,675.00. Relying on the aforementioned claim forms, Cigna issued three separate checks to Duarte, totaling \$2,995.20. The checks were sent to Duarte's home address and negotiated by Duarte, as evidenced by her signature on the back of the checks.

5. Cigna received four Dental Claim Forms from the D.O. for dental services it purportedly provided to Broadnax. The claim forms instructed Cigna to, "Please send payment to patient" and cited dental procedures on December 15, 2015, totaling \$1,874.00, December 15, 2015, totaling \$1,476.00, June 13, 2016, totaling \$1,808.00, and June 14, 2016, totaling \$1,808.00. Relying on the aforementioned claim forms, Cigna issued three separate checks to Broadnax, totaling \$2,000.00. The checks were sent to Broadnax's home address, and negotiated by Broadnax on July 6, 2016. One of the December 15, 2015, claims was not paid as the maximum payable amount for dental benefits had been met.

6. Cigna notified the D.O. of the claims. In response, the dentist advised Cigna, "I have never seen this pt (*sic*) [patient Broadnax] in my office. These are fraudulent claims." On August 15, 2016, the dentist sent a letter to Cigna specifying that she did not treat Duarte or her dependents on the dates specified in paragraph 4 (*Supra*), and she had never treated Broadnax. The dentist stated that she spoke with Sance who is the cousin of Duarte. Sance admitted that

she submitted false claims for Duarte and her dependents, and the payments went to Duarte. Additionally, Sance admitted to submitting false claims to Cigna for Broadnax, a person the dentist noted, "I have never met."

7. Section 27-802(a)(1) of the Maryland Insurance Article states,

"An authorized insurer, its employees, fund producers, or 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."

Having a good faith belief, that insurance fraud had been committed; Cigna referred this matter to the MIA, Fraud Division.

8. In the course of its investigation, MIA contacted Cigna and confirmed its handling of the claims submitted by Sance.

9. MIA interviewed the dentist on August 29, 2017, and confirmed that Sance was her billing administrator and submitted claims to Cigna for treatment to Duarte, Sance's cousin, as well as two of Duarte's dependents, which falsely reflected that the dentist treated those individuals on May 19, 2016, and June 24, 2015, although she did not provide the treatment. Additionally, Sance submitted claims to Cigna, falsely reflecting the dentist treated Broandnax, a person the dentist never treated.

II. Violation(s)

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

11. § 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.

12. § 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.

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(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.

13. By the conduct described herein, Respondents knowingly violated § 27-403. As such, Respondents are subject to an administrative penalty under the Insurance Article.

III. Sanctions

14. 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).

15. Sance submitted dental claim forms to Cigna using her employer's provider information, alleging dental treatment for Duarte, two dependents, and Broadnax. Investigation revealed that the claims were false; Duarte, her dependents, nor Broadnax were treated by the D.O. on the dates stated on the claim forms. Relying on these claims, Cigna issued payments to

Duarte and Broadnax. Having considered the factors set forth in § 27-408(c) and COMAR 31.02.04.02, the MIA determined that \$6,000.00 is an appropriate penalty for Sance, \$4,000.00 is an appropriate penalty for Duarte, and \$4,000.00 is an appropriate penalty for Broadnax.

16. Additionally, Duarte is ordered to reimburse Cigna \$2,995.20, which is the amount she received based upon Cigna's reliance on claim forms later found to be fraudulent. Broadnax is ordered to reimburse Cigna \$2,000.00, which is the amount she received based upon Cigna's reliance on claim forms later found to be fraudulent.

17. Administrative penalties shall be made payable to the Maryland Insurance Administration and shall identify the case by number (R-2017-1069A) and respective name, (Mildred Sance, Wendy Duarte or Davonne Broadnax). 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.

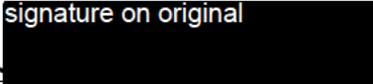
18. Notification of reimbursement to Cigna shall be made in writing to the Associate Commissioner, Insurance Fraud Division, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. Such notification shall include a copy of the money order or cancelled check issued to Cigna as proof of reimbursement and identify the case by number (R-2017-1069A) and respective name, (Wendy Duarte or Davonne Broadnax).

19. This Order does not preclude any potential or pending action by any other person, entity, or government authority regarding any conduct by Respondents 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 13th day of October 2017, **ORDERED** that:

- (1) Mildred Sance shall pay an administrative penalty of six-thousand dollars (\$6,000.00) within 30 days of the date of this Order;
- (2) Wendy Duarte shall pay an administrative penalty of four-thousand dollars (\$4,000.00) within 30 days of the date of this Order;
- (3) Wendy Duarte shall pay restitution to Cigna in the amount of two-thousand nine hundred and ninety five dollars and twenty cents (\$2,995.20) within 30 days of the date of this order;
- (4) Davonne Broadnax shall pay an administrative penalty of four-thousand dollars (\$4,000.00) within 30 days of the date of this Order; and
- (5) Davonne Broadnax shall pay restitution to Cigna in the amount of two-thousand dollars (\$2,000.00) within 30 days of the date of this order.

ALFRED W. REDMER, JR.
Insurance Commissioner

BY:  signature on original
STEVE WRIGHT 
Associate Commissioner
Insurance Fraud Division

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 Respondents in a Final Order after hearing.