BEFORE THE DEPARTMENT OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE

IN THE MATTER OF:

CARITEN INSURANCE COMPANY AND
CARITEN HEALTH PLANS, INC.

No.: 11-019

ORDER ADOPTING EXAMINATION REPORT WITH DIRECTIVES

Pursuant to Tenn. Code Ann. §§ 56-1-401 et seq. and 56-32-101, et seq., the Insurance Division of the State of Tennessee Department of Commerce and Insurance ("Division") has examined certain affairs of the Cariten Insurance Company and Cariten Health Plans, Inc. ("Companies"), an insurance company and a health maintenance organization, respectively, domiciled in the State of Tennessee. As a result of an examination conducted as of the 14th day of December, 2009, the examiner-in-charge filed with the Division, on the 27th day of September, 2010, a verified, written report on the examination, and a copy of that report has been sent to the Companies. (The Report on Examination of the Companies is attached hereto and marked as Exhibit A). The Division received written responses on said examination report from the Companies on the 20th day of January 2011. (A copy of the Companies' written responses is attached hereto and marked as Exhibit B.)

Pursuant to Tenn. Code Ann. §§ 56-1-411 and 56-32-115, said examination report regarding the affairs of Cariten Insurance Company and Cariten Health Plans, Inc., filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 27th day of September, 2010, is hereby ADOPTED as filed with the following DIRECTIVES:

RECEIVED

APR 1 2 2011
Dept. of Commerce & Insurance
Company Examinations
1. The Companies are **DIRECTED** to comply with Tenn. Code Ann. § 56-1-411(b) by making available all records free and accessible upon request and by maintaining record retention requirements to ensure information is available to regulators when requested.

2. The Companies are **DIRECTED** to comply with Tenn. Code Ann. § 56-7-3103(b) by contacting all pharmacies contracted with their former Pharmacy Benefit Manager, ProCare, to request a listing of all recoupments made without a proper audit being performed, by returning all unaudited recoupments plus interest, and by reporting to the Commissioner all recoupment reimbursements on a monthly basis, until all pharmacies are made whole.

3. The Companies are **DIRECTED** to comply with Tenn. Code Ann. § 56-7-2359(a) by not denying any licensed pharmacy or licensed pharmacist the right to participate as a participating provider in any policy contract or plan on the same terms and conditions as are offered to any other provider of pharmacy services under the policy, contract or plan. Furthermore, the Companies shall notify all insureds that plan participants are allowed to utilize any pharmacy in the State of Tennessee and shall ensure that all pharmacy benefits are paid on the same basis as pharmacies contracted with current and future pharmacy benefit managers.

4. The Companies are **DIRECTED** to comply with Tenn. Code Ann. § 56-7-109 by developing a comprehensive plan to promptly pay pharmacy claims.

5. The Companies are **DIRECTED** to comply with Tenn. Code Ann. § 56-8-105(3) by developing a means to ensure that pharmacy benefits are investigated and settled timely.

The companies shall comply with the directives contained in this order within thirty (30) days of its entry.

The adoption of this examination report shall not preclude the Department from imposing sanctions against Cariten Insurance Company and Cariten Health Plans, Inc. for potential violations of the Tennessee Insurance Law which may be revealed in the examination report, it being the intent of this Order Adopting Examination Report With Directives merely to adopt the examination report filed by the examiner-in-charge.
It is so ORDERED.

ENTERED this the 11th day of April, 2011.

Julie Mix McPeak, Commissioner
Department of Commerce and Insurance
State of Tennessee

PREPARED FOR ENTRY:

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(615) 741-2199
CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report as Filed has been messenger mailed to Larry C. Knight, Jr., Assistant Commissioner for Insurance, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to Cariten Insurance Company and Cariten Health Plans, Inc., 1420 Centerpoint Boulevard, Knoxville, TN 37932, on this the 12th day of April, 2011.

[Signature]

Tony Greer
Certifying Attorney