



IN THE MATTER OF:

**HEALTH CARE SERVICE CORPORATION, A MUTUAL LEGAL RESERVE
COMPANY
300 E. RANDOLPH STREET
CHICAGO, IL 60601-5099**

NOTICE OF APPARENT LIABILITY

Pursuant to §403A of the Illinois Insurance Code (215 ILCS 5/403A) and §30 of the Network Adequacy and Transparency Act (215 ILCS 124/30), you are hereby notified of the following violations of the Illinois Insurance Code, the Network Adequacy and Transparency Act, , and a final order of the Director entered under authority of those statutes. You are also hereby notified of the civil penalties and remediation to be imposed by Director for these violations. If you wish to contest these violations, civil penalties, and remediation, then within ten days of receiving this notice you must either (a) request a hearing or (b) show in writing why you should not be held liable.

I. Violations Found

In violation of §25(a)(2) of the Network Adequacy and Transparency Act (215 ILCS 124/25(a)(2)), Health Care Service Corporation failed to update the provider directory after the termination of four providers from the network within ten days of being notified of the change by the provider. Health Care Service Corporation received the notifications of these terminations on November 29, 2018, March 4, 2019, August 15, 2022, and November 30, 2022, but their removals did not occur until, respectively, May 25, 2023, May 31, 2023, May 8, 2023, and May 8, 2023. Total number of days out of compliance within two years prior to the issuance of this notice: 1,613.

In violation of the final order issued by the Director on January 30, 2023, under authority of 215 ILCS 5/132 and 124/30, Health Care Service Corporation failed to timely implement corrections to the provider directory, with monthly updates to the Chief Examiner within 90 days of the execution of the order. Total number of days out of compliance: 154.

II. Civil Penalty and Remediation

A. The Director of Insurance imposes a civil penalty of \$231,900. The civil penalty imposed by this Notice shall be paid within 10 days of receipt of this Notice if you do not contest this Notice. The civil penalty shall be payable to the Director of Insurance, State of Illinois.

B. Any correspondence concerning this Notice of Apparent Liability shall be addressed to the Illinois Department of Insurance, Market Conduct Division, 320 W. Washington St., Springfield, Illinois 62767-0001 or via email to DOI.MarketConduct@illinois.gov.

C. Part 2402, Title 50 of the Illinois Administrative Code (50 Ill. Adm. Code 2402) governs hearings before the Department of Insurance. Section 408(5)(a) of the Illinois Insurance Code (215 ILCS 5/408(5)(a)) and Section 2402.270(d), Title 50 of the Illinois Administrative Code (50 Ill. Adm. Code 2402.270(d)) provide that the costs of a hearing may be assessed against the parties.

DEPARTMENT OF INSURANCE
STATE OF ILLINOIS

Dana Popish Severinghaus

Date: November 2, 2023

Dana Popish Severinghaus
Director of Insurance

