RONALD D. KENT (SBN 100717)
STEVEN A. VELKEI (SBN 160561)
SNR DENTON US LLP
601 South Figueroa Street, Suite 2500
Los Angeles, California 90017
Telephone: (213) 623-9300
Facsimile: (213) 623-9924

KATHERINE J. EVANS (State Bar No. 215295)
THOMAS E. McDONALD (SBN 109138)
SNR DENTON US LLP
525 Market Street, 26th Floor
San Francisco, California 94105
Telephone: (415) 882-5000
Facsimile: (415) 882-0300

Attorneys for Respondent
PACIFICARE LIFE AND HEALTH INSURANCE COMPANY

FILED
JUL 22 2011
Office of Administrative Hearings
By

SNR DENTON US LLP
525 MARKET STREET, 26TH FLOOR
SAN FRANCISCO, CALIFORNIA 94105-2708
(415) 882-5000

BEFORE THE INSURANCE COMMISSIONER

OF THE STATE OF CALIFORNIA

In the Matter of PACIFICARE LIFE AND HEALTH INSURANCE COMPANY, Respondent.	File No. UPA 2007-0004 OAH No. 2009061395 **NOTICE OF FILING OF SUPPLEMENTAL DECLARATION OF MARK DAVIDSON** Judge: Hon. Ruth S. Astle

Pursuant to Government Code § 11514, the accompanying Supplemental Declaration of Mark Davidson will be introduced as evidence at the hearing of *In the Matter of PacifiCare Life and Health Insurance Company*, File No. UPA 2007-0004, OAH No. 2009061395.

Dated: July 22, 2011

SNR DENTON US LLP

By Ronald Kent /dw
RONALD D. KENT

Attorneys for Respondent
PACIFICARE LIFE AND HEALTH
INSURANCE COMPANY

SNR DENTON US LLP
525 MARKET STREET, 26TH FLOOR
SAN FRANCISCO, CALIFORNIA 94105-2708
(415) 882-5000

RONALD D. KENT (SBN 100717)
STEVEN A. VELKEI (SBN 160561)
SNR DENTON US LLP
601 South Figueroa Street, Suite 2500
Los Angeles, California 90017
Telephone: (213) 623-9300
Facsimile: (213) 623-9924

THOMAS E. McDONALD (SBN 109138)
KATHERINE J. EVANS (SBN 215295)
SNR DENTON US LLP
525 Market Street, 26th Floor
San Francisco, California 94105
Telephone: (415) 882-5000
Facsimile: (415) 882-0300

Attorneys for Respondent
PACIFICARE LIFE AND HEALTH INSURANCE COMPANY

BEFORE THE INSURANCE COMMISSIONER

OF THE STATE OF CALIFORNIA

In the Matter of PACIFICARE LIFE AND HEALTH INSURANCE COMPANY, Respondent.	File No. UPA 2007-0004 OAH No. 2009061395 **SUPPLEMENTAL DECLARATION OF MARK DAVIDSON** Judge: Hon. Ruth S. Astle

SNR DENTON US LLP
525 MARKET STREET, 26TH FLOOR
SAN FRANCISCO, CALIFORNIA 94105-2708
(415) 882-5000

I, Mark Davidson, declare as follows:

1. I am the Director of Audit Production of The Rawlings Group ("Rawlings"), and I previously submitted a Declaration (the "April 12 Declaration") in this proceeding. The facts set forth in this Supplemental Declaration are based upon my personal knowledge and the books and records of Rawlings that were created and maintained in the ordinary course of business. If called upon to testify, I could and would competently do so.

2. The April 12 Declaration provided information from Rawlings' electronic records regarding approximately 500 letters Rawlings issued in 2006 and 2007 on behalf of PacifiCare Life and Health Insurance Company ("PacifiCare") relating to overpayment recoveries. The April 12 Declaration provided information from Rawlings' electronic records about certain specific letters (Exhibits 1002, 1003, 1005, 1007, 1009, 1010, 1012, 1014, 1015 and 1016). The

April 12 Declaration also provided information from Rawlings' electronic records about 243 letters listed in Exhibits 1004 and 1006, 125 letters listed in Exhibit 1008, 99 letters listed in Exhibit 1011, and a majority of the 79 letters listed in Exhibit 1013.

3. In the course of assembling records to produce in response to CDI's request for records I relied upon to submit the April 12 Declaration, I determined from reviewing additional records that three letters that I thought had been sent to providers actually were not sent. In addition, I determined that one letter bears a date that is one month after the date shown in Rawlings' records as the date the letter was sent.

4. Among the documents I assembled were diary notes contained in Rawlings' records, which record activity by an auditor and Rawlings' computer system. In the course of assembling the diary notes, I noticed that the diary notes for three letters did not indicate letters had been sent. I then examined additional records -- known as tracking notes -- related to these three letters and determined that the three letters had not been sent.

5. One letter that the records show was not sent appears on Line 142 of both Exhibit 1004 and Exhibit 1006, as well as on Line 38 of Exhibit 1013. Rawlings assigned this overpayment an Invoice Number of 230876. Rawlings closed that invoice and did not send the letter due to timing rules under Medicare. (See tracking note in Attachment TN-1.)

6. The second letter that the records show was not sent appears on Line 155 of both Exhibit 1004 and Exhibit 1006. Rawlings assigned this overpayment an Invoice Number of 241702. Rawlings closed that invoice and did not send the letter due to another vendor taking action on the overpayment, which is noted as a "conflict" in the tracking note. (See diary note in Attachment DN-1 and tracking note in Attachment TN-2.)

7. The third letter that the records show was not sent appears on Lines 194-196 of both Exhibit 1004 and Exhibit 1006, as well as on Lines 69-71 of Exhibit 1013. Rawlings assigned this overpayment an Invoice Number of 262012. After receiving partial payment of the total amount of the overpayment, Rawlings closed that invoice and did not send the letter. (See tracking note in Attachment TN-3.)

SNR DENTON US LLP
525 MARKET STREET, 26TH FLOOR
SAN FRANCISCO, CALIFORNIA 94105-2708
(415) 882-5000

8. The letter bearing an incorrect date involves an overpayment that Rawlings assigned Invoice Number of 221195. The letter that appears on Line 146 of Exhibit 1004 and Exhibit 1006 is dated November 16, 2006, but the diary notes for this overpayment (PAC0913801) show that the letter was faxed and mailed to the provider one month earlier, on October 16, 2006.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this Declaration was executed in LaGrange, Kentucky on July 21, 2011.

Mark Davidson

Mark Davidson

SNR DENTON US LLP
525 MARKET STREET, 26TH FLOOR
SAN FRANCISCO, CALIFORNIA 94105-2708
(415) 882-5000

TN-1

Tracking

Total Billed:	$103,918.31	AuditID	
Total Paid:	$56,673.92		
Tot Invoiced:	$56,673.92		
Interest Amt:	$0.00		
Tot Amt Due:	$56,673.92	Number of Investigations: 2	
Tot Received:	$0.00	0	
Write-Off Amt:	$56,673.92	Number of Invoices: 2	
Balance Due:	$0.00	0	

Activity

Tracking | Potential History |

Level	ID	Status	Category	TransferCode	BeginDate	EndDate	ReceivedDate	AmountInvoiced	WriteOffAmount	WriteOffDate	LoginName
Invoice	230876	Pending Invoice	Medicare Disability		11/28/2006 4:20	11/28/2006			0.00		mac
Invoice	230876	Pending Invoice	Medicare Disability		11/28/2006 4:22	01/04/2007		53,188.11	0.00		mac
Invoice	230876	Pending Invoice	Medicare Disability		1/4/2007 4:49 PM	01/04/2007		53,188.11	53,188.11		mac
Invoice	230876	Pending Invoice	Medicare Disability		1/4/2007 4:49 PM	01/04/2007		53,188.11	53,188.11	1/4/2007	mac
Invoice	230876	Clnd MC Timely File	Medicare Disability		1/4/2007 4:49 PM			53,188.11	53,188.11	1/4/2007	mac
Invoice	230878	Pending Invoice	Medicare Disability		11/28/2006 4:24	11/28/2006			0.00		mac
Invoice	230878	Pending Invoice	Medicare Disability		11/28/2006 4:28	01/04/2007		3,485.81	0.00		mac
Invoice	230878	Invoice1	Medicare Disability		1/4/2007 9:04 AM	01/04/2007		3,485.81	0.00		mac
Invoice	230878	Invoice1	Medicare Disability		1/4/2007 9:06 AM	01/05/2007		3,485.81	0.00		mac
Invoice	230878	Invoice1	Medicare Disability		1/5/2007 2:01 AM	02/05/2007		3,485.81	0.00		autotickler
Invoice	230878	Invoice2	Medicare Disability		2/6/2007 3:54 PM	02/06/2007		3,485.81	0.00		mac
Invoice	230878	Invoice2	Medicare Disability		2/6/2007 3:57 PM	03/06/2007		3,485.81	0.00		mac
Invoice	230878	ARD	Medicare Disability		3/6/2007 2:00 AM	03/06/2007		3,485.81	0.00		autotickler
Invoice	230878	ARD	Medicare Disability		3/6/2007 11:45	03/06/2007		3,485.81	0.00		th2
Invoice	230878	ARD	Medicare Disability		3/6/2007 11:45	03/12/2007		3,485.81	0.00		th2
Invoice	230878	ARD	Medicare Disability		3/12/2007 2:24	03/16/2007		3,485.81	0.00		tal
Invoice	230878	ARD	Medicare Disability		3/16/2007 2:38	03/16/2007		3,485.81	0.00		tal
Invoice	230878	Invoice3	Medicare Disability		3/16/2007 2:38	03/16/2007		3,485.81	0.00		tal

TN-2

Tracking

Total Billed:	$21,512.84	AuditID	
Total Paid:	$8,282.22		
Tot Invoiced:	$2,997.06		
Interest Amt:	$0.00		
Tot Amt Due:	$2,997.06	Number of Investigations: 2	
Tot Received:	$2,131.16	0	
Write-Off Amt:	$865.90	Number of Invoices: 17	
Balance Due:	$0.00	0	

Activity

Tracking | Potential History |

Level	ID	Status	Category	TransferCode	BeginDate	EndDate	ReceivedDate	AmountInvoiced	WriteOffAmount	WriteOffDate	LoginName
Investigation	13826991	Letter2	COB Commercial		2/12/2007 9:15 ...	03/13/2007 ...			0.00	1/1/1900	pw_user
Invoice	235218	ARD	Medicare Disability		2/13/2007 2:03 ...	02/14/2007 ...		378.00	0.00		autotickler
Invoice	235206	ARD	Medicare Disability		2/13/2007 2:03 ...	03/13/2007 ...		258.64	0.00		autotickler
Invoice	235212	ARD	Medicare Disability		2/13/2007 2:04 ...	02/21/2007 ...		224.75	0.00		autotickler
Invoice	235214	ARD	Medicare Disability		2/13/2007 2:04 ...	02/27/2007 ...		218.16	0.00		autotickler
Invoice	235218	ARD	Medicare Disability		2/14/2007 9:39 ...	02/14/2007 ...		378.00	378.00		pkl
Invoice	235218	ARD	Medicare Disability		2/14/2007 9:39 ...	02/14/2007 ...		378.00	378.00	2/14/2007	pkl
Invoice	235218	Clsd Auditor Error	Medicare Disability		2/14/2007 9:40 ...			378.00	378.00	2/14/2007	pkl
Invoice	241702	Pending Invoice	Medicare Disability		2/14/2007 9:40 ...	02/14/2007 ...		162.00	162.00		pkl
Invoice	241702	Pending Invoice	Medicar		14 4	14/2007		162.00	162.00	2/14/2007	pkl
Invoice	241702	Clsd Conflict	Medicar Disability		4 9:4	/03/2009		162.00	162.00	2/14/2007	pkl
Invoice	235209	ARD Collection Ltr	Medicare Disability		2/14/2007 8:44 ...	02/14/2007		1,755.51	0.00		cwm
Invoice	235209	ARD Collection Ltr	Medicare Disability		2/14/2007 8:45 ...	02/14/2007		1,755.51	0.00		cwm
Invoice	235209	ARD Collection Ltr	Medicare Disability		2/14/2007 8:45 ...	02/26/2007 ...		1,755.51	0.00		cwm
Invoice	235212	ARD	Medicare Disability		2/21/2007 9:30 ...	02/21/2007 ...	2/21/2007	224.75	0.00		pkl
Invoice	235212	ARD	Medicare Disability		2/21/2007 9:30 ...	02/21/2007 ...	2/21/2007	224.75	53.58		pkl
Invoice	235212	ARD	Medicare Disability		2/21/2007 9:30 ...	02/21/2007 ...	2/21/2007	224.75	53.58	2/21/2007	pkl
Invoice	235212	ARD	Medicare Disability		2/21/2007 9:31	02/21/2007 ...	2/21/2007	224.75	53.58	2/21/2007	pkl

DN-1

Note

Note Categories :

Template Note :

Highlight

No Action
Send Email
Notify Manager

A = Audit
? = Investigation
$ = Invoice

Submit Cancel

	ID #	Date/Time	User	Diary Entry
?	13826990	12/22/2006 9:46:07 AM	pkl	VERIFIED PASS FILE BLOCK LIST
?	13826990	12/22/2006 9:59:57 AM	pkl	VERIFIED PROVIDER BLOCK LIST
$	241702	1/26/2007 2:54:03 PM	pkl	Copied from invoice 235218
$	241702	1/26/2007 2:55:28 PM	pkl	RE-AUDITED ACCOUNT.
?	13826990	1/26/2007 3:50:59 PM	pkl	History Request made for Start Date 06/01/2006(Custom...).
$	241702	2/14/2007 9:40:50 AM	pkl	RCD CALL FROM PROVIDER STATES SHE IS A LICENSED MARRIAGE/ FAMILY COUNSELOR AND IS NOT CONTRACTED W/MEDICARE, DID WRITE OFF.
?	13826990	2/20/2007 11:21:15 AM	pkl	RE-AUDITED ACCOUNT
?	13826990	3/12/2007 2:33:03 PM	pkl	RE-AUDITED ACCOUNT, NO NEW CLAIMS.
?	13826990	6/6/2007 1:05:07 PM	pkl	CHECKED RIMS FOR DIRECT, NONE POSTED

TN-3

Tracking

Total Billed	$29,505.73	AuditID
Total Paid	$12,132.00	
Tot Invoiced	$12,047.85	
Interest Amt.	$0.00	
Tot Amt Due:	$12,047.85	Number of Investigations: 4
Tot Received.	$6,719.12	0
Write-Off Amt.	$5,328.73	Number of Invoices: 7
Balance Due	$0.00	0

Activity

Tracking | Potential History |

Level	ID	Status	Category	TransferCode	BeginDate	EndDate	ReceivedDate	AmountInvoiced	WriteOffAmount	WriteOffDate	LoginName
Invoice	262003	ClsdCollectionVe...	COB Commercial		6/16/2008 3:53 ...			3,079.12	3,079.12	6/16/2008	gsl
Invoice	262012	Pending Invoice	COB Commercial		5/7/2007 10:04 ...	05/07/2007 ...			0.00		pkl
Invoice	262012	Pending Invoice	COB Commercial		5/7/2007 10:10 ...	05/08/2007 ...		1,709.87	0.00		pkl
Invoice	262012	Pending Invoice	COB Commercial		5/8/2007 9:04 AM	07/11/2007 ...		1,691.68	0.00		pkl
Invoice	262012	Pending Invoice	COB Commercial		7/11/2007 12:34...	07/11/2007 ...		874.12	0.00		pkl
Invoice	262012	Pending Invoice	COB Commercial		7/11/2007 12:48 ...	09/25/2007 ...		855.93	0.00		pkl
Invoice	262012	Pending Invoice	COB Commercial		9/25/2007 3:02 ...	09/25/2007 ...	9/25/2007	855.93	0.00		bal
Invoice	262012	Clsd with money	COB Commercial		9/25/2007 3:02 ...	09/25/2007 ...	9/25/2007	855.93	0.00		bal
Invoice	262012	Clsd with money	COB Commercial		9/25/2007 3:36 ...	10/11/2007 ...	9/25/2007	855.93	0.00		pkl
Invoice	262012	Clsd with money	COB Commercial		10/11/2007 2:57...	10/11/2007 ...	9/25/2007	855.93	20.18		sku
Invoice	262012	Clsd with money	COB Commercial		10/11/2007 2:57...		9/25/2007	855.93	20.18	10/11/2007	sku
Invoice	262018	Pending Invoice	COB Commercial		5/7/2007 10:10 ...	05/07/2007 ...			0.00		pkl
Invoice	262018	Pending Invoice	COB Commercial		5/7/2007 10:14 ...	06/27/2007 ...		1,252.59	0.00		pkl
Invoice	262018	Pending Invoice	COB Commercial		6/27/2007 1:18 ...	07/13/2007 ...		147.94	0.00		pkl
Invoice	262018	Pending Invoice	COB Commercial		7/13/2007 2:20 ...	07/25/2007 ...		147.94	0.00		pkl
Invoice	262018	Invoice1	COB Commercial		7/25/2007 4:37 ...	07/25/2007 ...		147.94	0.00		pkl
Invoice	262018	Invoice1	COB Commercial		7/25/2007 4:37 ...	07/25/2007 ...		147.94	0.00		pkl
Invoice	262018	Invoice1	COB Commercial		7/25/2007 4:37 ...	07/26/2007 ...		81.98	0.00		pkl

PROOF OF SERVICE

I, Deborah Waterford, hereby declare: I am employed in the City and County of San Francisco, California in the office of a member of the bar of this court at whose direction the following service was made. I am over the age of eighteen years and not a party to the within action. My business address is SNR Denton US LLP, 525 Market Street, 26th Floor, San Francisco, California 94105. On July 22, 2011, I served:

NOTICE OF FILING OF SUPPLEMENTAL DECLARATION OF MARK DAVIDSON

on the interested parties in this action by placing a true copy thereof, on the above date, enclosed in a sealed envelope, addressed as follows:

Michael J. Strumwasser Bryce Gee LaKeitha Oliver Strumwasser & Woocher LLP 10940 Wilshire Boulevard Suite 2000 Los Angeles, CA 90024 mstrumwasser@strumwooch.com bgee@strumwooch.com loliver@strumwooch.com	Andrea Rosen California Department of Insurance Legal Division Health Enforcement Bureau 300 Capitol Mall, 17th Floor Sacramento, CA 95814 rosena@insurance.ca.gov

☒ **(By Mail)**: I am personally and readily familiar with the business practice of SNR Denton US LLP for collection and processing of correspondence for mailing with the United States Postal Service, pursuant to which mail placed for collection at designated stations in the ordinary course of business is deposited the same day, proper postage prepaid, with the United States Postal Service.

☐ **(By Federal Express)**: As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for Federal Express delivery. Under that practice, it would be picked up by a Federal Express representative on that same business day at San Francisco, California, in the ordinary course of business.

☒ **(By Electronic Mail)**: I transmitted the above documents by electronic mail to the interested parties via the e-mail addresses listed above for each party.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

EXECUTED on July 22, 2011, at Oakland, California.

Deborah Waterford

SNR DENTON US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300