

2000 TARGET CLAIMS AND PROCEDURES EXAMINATION

OF

AVMED HEALTH PLAN

BY

THE FLORIDA DEPARTMENT OF INSURANCE

BUREAU OF MANAGED CARE

TABLE OF CONTENTS

<u>PART NUMBER</u>	<u>SUBJECT</u>	<u>PAGE NUMBER</u>
I.	OVERVIEW AND SUMMARY OF FINDINGS	1
II.	CLAIMS REVIEW	3
III.	PROCEDURE MANUALS REVIEW	4
IV.	FINDINGS/CORRECTIVE ACTIONS	5
V.	EXHIBITS	6

I. OVERVIEW AND SUMMARY OF FINDINGS

General

AvMed Health Plan, (Company), is a health maintenance organization domiciled in the State of Florida, and licensed to conduct business in this State during the period (scope) of this examination.

The Florida Department of Insurance (Department) performed a target Claims and Procedures Examination of the Company pursuant to Section 641.27, Florida Statutes, at the Company's office in Miami, Florida from June 13, 2000, to June 29, 2000.

The purpose of the examination was to determine if the Company's practices and procedures relating to claims processing, and related procedure manuals, comport with Florida Statutes and Florida Administrative Code.

The scope period for the examination covered claims with dates of service from September 1, 1999, to December 1, 1999.

Findings

The examination identified multiple violations of statutes and regulations relating to the improper denial of private passenger automobile accident health insurance (PIP) claims. These denials violate Sections 627.4235, 641.31(7), 641.3155(1), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99.

Moreover, the examination found violations relating to the improper denial of Workers' Compensation (WC) claims. These denials violate Sections 641.3155(1), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99.

The examination found violations related to the improper denial of Other Health Insurance claims. These denials violate Sections 627.4235, 641.31(7), 641.3155(1), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99.

Recommendations

Based on the findings detailed in this examination, the Department will issue a Consent Order in which certain corrective measures will be established. The Consent Order will require that the Company establish other corrective measures. A penalty in the amount of thirty thousand five hundred dollars (\$30,500.00) plus appropriate Administrative Legal costs, will also be levied in response to the violations of law determined during this examination. In response to these findings, and in addition to the aforementioned administrative fines, the Company should take the following corrective actions:

PROCEDURE MANUALS

Amend the relevant manual(s):

- To ensure that automobile accident health insurance claims (PIP) are processed pursuant to Sections 627.4235, 641.3155(2), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 00.
- To ensure that Workers' Compensation claims are processed pursuant to Sections 641.3155(2), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 00.
- To ensure that Other Health Insurance claims are processed pursuant to Sections 627.4235, 641.3155(2), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 00.

II. CLAIMS REVIEW

Overview

The Company processes claims directly.

Operating Systems

A. AvMed Health Plan

One hundred (100) claims processed by the Company's system were examined. There were no violations.

A Review of the Company's pending claim age report indicated that there were fourteen thousand five hundred sixty-four (14,564) claims pending in excess of seventy-six (76) days. The claims pended on the aging report are pended paid adjustments. Do to a problem with the Company's system the claim service lines are stuck on a pend status and remain aging in the queue when they are actually paid. There were no apparent violations.

III. PROCEDURE MANUALS REVIEW

Policy and procedure manuals relating to the processing of claims were examined. The findings are:

1. Coordination of Benefits (COB)

It is the practice of AvMed to ultimately deny Personal Injury Protection (PIP) claims that are submitted without the attendant PIP worksheet typically prepared by the PIP carrier. If a PIP claim is submitted without the worksheet, AvMed denies the claim with a request for the Explanation of Benefits (EOB) from the PIP carrier. The denial of these claims violates Sections 627.4235, 641.3155(1), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99. See Exhibit I for details.

It is the practice of AvMed to deny Workers' Compensation claims that are submitted without further investigation. This is a violation of Sections 641.3155(1), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99. See Exhibit I for details.

It is the practice of AvMed to ultimately deny Other Health Insurance claims when it is not evident that another insurer is primary. If a COB claim is submitted without the other carrier's Explanation of Benefits (EOB), AvMed denies the claim with a request for the EOB. This is a violation of Sections 627.4235, 641.3155(1), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99. See Exhibit I for details.

2. Interest Calculation

The Company's current procedure is to calculate interest up to the date the claim is paid and not the date the payment is received or otherwise delivered. This procedure violates Section 641.3155(2), Florida Statutes, Ed. 99. See Exhibit II for details.

IV. FINDINGS/CORRECTIVE ACTIONS

AvMed Health Plan

PROCEDURE MANUALS

A review of the claim procedures found that it is the policy of the Company to ultimately deny Personal Injury Protection (PIP) claims received without the automobile carrier's PIP worksheets. This practice violates Sections 627.4235, 641.3155(1), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99.

A review of the claim procedures found that it is the policy of the Company to deny Workers' Compensation claims without knowledge of Workers' Compensation coverage. This practice violates Sections 641.3155(1), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99.

A review of the claim procedures found that it is the policy of the Company to ultimately deny Other Health Insurance claims received without the other carrier's explanation of benefits. This practice violates Sections 627.4235, 641.3155(1), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99.

The current Company procedure is to calculate interest up to the date the claim is paid and not the date the payment is received or otherwise delivered. This practice violates Section 641.3155(2), Florida Statutes, Ed. 99.

Corrective Action

The Company should revise its procedure manuals within thirty (30) days of the Consent Order to insure future compliance with the requirements of Sections 627.4235, 641.3155 (2) and (3), 641.3901, 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 00. Revisions to the procedure manuals should be submitted to the Department for review and approval prior to implementation.

**2000 TARGET CLAIMS AND PROCEDURES EXAMINATION
OF
AVMED HEALTH PLAN**

EXHIBITS

<u>SUBJECT</u>	<u>EXHIBIT NUMBER</u>
AvMed Coordination of Benefits	I
AvMed Interest Calculation	II