FINANCIAL SERVICES COMMISSION

FLORIDA OFFICE OF INSURANCE REGULATION
MARKET INVESTIGATIONS

MARKET CONDUCT FINAL EXAMINATION REPORT

OF

BEST CARE MEDICAL PLAN, INC.

AS OF

October 29, 2007

FLORIDA COMPANY CODE: 56046

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PURPOSE AND SCOPE OF EXAMINATION

Under authorization of the Financial Services Commission, Florida Office of Insurance Regulation (Office), Market Investigations, pursuant to Section 636.206, Florida Statutes, a market conduct examination of Best Care Medical Plan, Inc., (Best Care or Company) was performed by Greenfield Consultants, LLC. The scope of this examination was November 6, 2006 through September 30, 2007. The examination began October 23, 2007 and ended October 29, 2007.

The purpose of this examination was to review the Company's compliance with Chapter 636, Part II, Florida Statutes as effective on April 1, 2005. Chapter 636, Part II, Florida Statutes regulates discount medical plan organizations, entities which, in exchange for fees, dues, charges, or other consideration, provide access for plan members to providers of medical services and the right to receive medical services from those providers at a discount.

The Company's records were examined at its offices located at 2530 SW 87th Ave., Suite E, Miami, Florida, 33165.

This Final Report is based upon information from the examiner's draft report, additional research conducted by the Office, and additional information and comments provided by the Company in response to the draft report. Procedures and conduct of the examination were in accordance with the Market Regulation Handbook produced by the National Association of Insurance Commissioners.

DESCRIPTION OF COMPANY

This domestic company was licensed as a Discount Medical Plan Organization (DMPO) in Florida on November 6, 2006. Best Care aggregates medical products and services from approximately 73 providers and 1 provider network, Liberty Legal, Inc. Since September 23, 2007, the Company has ceased accepting new members and discontinued its advertisings, except for its website, as management realized the Company was not complying with Chapter 636, Part II, Florida Statutes.

PROVIDER NETWORK AGREEMENT REVIEW

The Company has a written agreement with Liberty Legal, Inc. d/b/a Liberty Benefits, Inc. under the plan name, Liberty Rx Prescription Program. Included in the agreement between the parties is "Attachment B", which adds a dental and vision benefit to be offered to the Best Care members under an agreement between Liberty Benefits, Inc. and New Benefits, Ltd. (Liberty/New Benefits), whose principal mailing address is 14240 Proton Road, Dallas, Texas 75244. No membership enrollments were in effect prior to the licensing of Best Care. Liberty/New Benefits provides monthly updates of its providers through its website with Best Care.

The provider network agreement was reviewed for compliance with Section 636.214(3), Florida Statutes. The following violations were noted:

- Failure to have a written provider network agreement between the discount medical plan organization and the provider network (i.e. Liberty/New Benefits) as required by Section 636.214(3), Florida Statutes;
- The provider network agreement failed to contain a list of services and products to be provided at a discount; the amount or the amounts of the discount or, alternatively, a fee schedule which the discounted rates; and that the provider will not charge members more than the discounted rates as required by Section 636.214(3)(a), Florida Statutes;
- The provider network agreement failed to authorize the provider network to contract with the discount medical plan organization on behalf of the provider as required by Section 636.214(3)(b), Florida Statutes; and
- The provider network agreement failed to require the network to maintain an up-to-date list of contracted providers and to provide that list on a monthly basis to the discount medical plan organization as required by Section 636.214(3)(c), Florida Statutes.

Corrective Action: The Company should ensure it has a written agreement with its provider networks and the provider network agreements contain terms as required.

PROVIDER AGREEMENT REVIEW

Providers participating in the plan can be located in an online provider directory made available through the company's website, www.usabestcare.com. A sample of 14 provider agreements was reviewed for compliance with Section 636.214(2), Florida Statutes. The following violations were noted:

- 1 provider agreement failed to include a list of the services and products to be provided at a discount as required by Section 636.214(2)(a), Florida Statutes; and
- 1 provider agreement failed to include the amount or amounts of the discounts or, alternatively, a fee schedule which reflects the provider's discounted rates as required by Section 636.214(2)(b), Florida Statutes.

Corrective Action: The Company should ensure that all provider agreements contain terms as required.

MARKETER AGREEMENT REVIEW

There is presently no marketing conducted to promote the Best Care Discount Medical Plan. The Company advised the examiner that it is awaiting the approval of its new membership application, which includes various plans and monthly charges, in both English and Spanish before initiating its marketing program.

ACTIVE MEMBERSHIP REVIEW

As of September 22, 2007, the Company had 255 memberships. All members enrolled after the Company's forms were approved on March 6, 2007.

Enrollment Procedures

All files reviewed indicated direct contact between discount plan applicants and the sales representatives of the Company. All documents were signed by the new member, with a copy of the check or credit card information showing payment of the first monthly charges. Best Care's sales procedures pertaining to its sales representatives are as follows:

1. Must comply with DMPO regulation statutes;
2. Must not mislead applicants into believing the DMPO product is health insurance;
3. Disclosures are required to be made orally at the beginning of all sales;
4. Applications are to be submitted to the accounts receivable department;
5. Accounts receivable department to process payment; and
6. Prepare member's enrollment information, which includes:
   - i. Member's Welcome Letter
   - ii. Membership Card
   - iii. Healthcare Provider Directory (updated twice yearly)
   - iv. Doctor's Prescribing Handbook (updated twice yearly), with copies of Terms and Conditions of Membership
   - v. DMPO Membership Application and Membership Agreement

Membership on or after March 6, 2007

The examiner reviewed a sample of 30 membership files with effective dates of enrollment on or after March 6, 2007. The membership files consisted of:

1. Copy of Best Care Medical Plan Card(s) issued to the member;
2. Discount Medical Plan Application signed and dated;
3. Signed receipt by member acknowledging payment of charges; and
4. Membership application (not currently approved) includes:
   - a) Personal Information (English & Spanish)
   - b) Additional Family Members (English & Spanish)
   - c) Plan Selection and Charges (English & Spanish)
   - d) Payment information/Payment Terms (monthly, quarterly, etc.)
   - e) Discount Medical Plan Membership Agreement
   - f) Latest Account Statement to Member (October 22, 2007) and a copy of the most recent invoice billing

The following violations were noted:

- 16 members were enrolled on forms that had not been filed with and approved by the Office as required by Sections 636.216(3), Florida Statutes; and
- 16 members were enrolled using charges that had not been filed with and approved by the Office as required by Sections 636.216(1), Florida Statutes.

Corrective Action: The corrective action addressing the violations cited above is included in the Forms/Charges Review section of this report.

Membership prior to March 6, 2007

There were no members enrolled prior to March 6, 2007.

FORMS/CHARGES REVIEW

On March 6, 2007, the Office approved the following forms filed by the Company:

- Application forms for the Company's Basic Medical Plan, includes terms & conditions;
- The Discount Medical Plan Membership Agreement with Benefits Description;
- Membership Identification; and
- Schedule of Proposed Charges that included two charges, a Monthly Membership Fee and a One Time Administrative Fee.

A review of the forms utilized by the Company prior to discontinuing the enrollment of members on September 23, 2007 was performed. The following violations were noted:

- The membership application executed for the majority of memberships was not the form filed with and approved by the Office as required by Section 636.216(3), Florida Statute, and Rule 69O-203.204(1)(a), Florida Administrative Code

On October 16, 2007, the Company filed its membership application that included:

- Names of Family Members;
- Plan Selection and Charges;
- Payment Method;
- Terms and Conditions; and
- Description of Customer Service and Member Complaint Procedures both in English and Spanish

The Company is awaiting the Office's approval of its membership application before commencing to resume enrolling new members.

Corrective Action: The Company should only enroll members on forms that have been filed with and approved by the Office prior to use. The Company should also file its Spanish language forms with the Office prior to use.

Section 636.216(1), Florida Statutes, requires a DMPO to file all charges with the Office. The charges filed and approved by the Office were:

- Monthly Membership Fee $30.00
- One Time Processing Fee $30.00

The Company filed the following charges on October 16, 2007, which have not yet been approved by the Office:

	Monthly Fees	
Individual/Family Plans	**Individual**	**Family**
Basic Discount Medical Plan	$30.00	$30.00
RX Prescription Card	$15.00	$20.00
Dental/Vision Plan	$ 9.00	$14.00
Dental/Vision/Rx Prescription Card Plan	$21.00	$30.00

There is a one-time, non-refundable processing fee of $30 for Individual/Family Plans.

A review of the charges used by the Company during the scope of the exam was completed. The following violation was noted:

- The Company is using charges that differ from those approved by the Office as required by Section 636.216(1), Florida Statutes.

Corrective Action: The Company should only enroll members using charges that have been filed with and approved by the Office. The Company should also review all memberships and make refunds where necessary.

CANCELLATION REVIEW

The Company reported 33 membership cancellations between March 6, 2007 and September 22, 2007. A sample of 19 cancellations was reviewed for compliance with Section 636.208(2), Florida Statutes. The statute requires a full refund of the periodic charges if the member cancels within the first 30 days after the effective date of enrollment and returns the membership card. Eighteen (18) members were reimbursed the full amount of the periodic charges. One (1) member did not pay any charges and therefore was not entitled to a refund. No violations were noted.

COMPLAINT/GRIEVANCE REVIEW

There were no consumer complaints reported to the Florida Department of Financial Services, Division of Consumer Services. A summary log of 17 grievances/complaints provided by the

Company was reviewed for compliance with Sections 636.204(2)(k) and 636.205(1)(d), Florida Statutes. No violations were noted.

WEBSITE REVIEW

As a condition of licensure, a discount medical plan is to establish an internet website page on which it is to maintain an up-to-date list of the names and addresses of its providers, in compliance with Section 636.226, Florida Statutes. Viewers can access the provider directories from the Company's website, www.usabestcare.com.

A review of the website was conducted. The following violations were noted:

- The forms and charges filed and approved by the Office for the website are not the same as those utilized on the website as required by Sections 636.216(1) and 636.216(3), Florida Statutes, and Rules 69O-203.204(1) and (1)(a), Florida Administrative Code.

Corrective Action: The Company should insure its website includes only references or provides access to forms and charges that have been filed with and approved by the Office.

ADVERTISING REVIEW

The Company provided a list of 10 types of advertisements prior to the on-site examination. While on-site, the examiner was informed by Company personnel that the Company has discontinued all advertising, except its website, until the Office approves the new forms filed with the Office on October 16, 2007.

EXAMINATION FINAL REPORT

The Office hereby issues this report as the Final Report, based upon information from the examiner's draft report, additional research conducted by the Office, and additional information and comments provided by the Company in response to the draft report.