

# **FINANCIAL SERVICES COMMISSION**

**FLORIDA OFFICE OF INSURANCE REGULATION  
MARKET INVESTIGATIONS**

**MARKET CONDUCT FINAL EXAMINATION REPORT**

**OF**

**COLONY SPRINGS MEDICAL CENTER**

**AS OF**

**December 1, 2006**

**FLORIDA COMPANY CODE: 56038**

---



## TABLE OF CONTENTS

PURPOSE AND SCOPE OF EXAMINATION .....	1
DESCRIPTION OF COMPANY .....	1
PROVIDER NETWORK AGREEMENT REVIEW .....	2
PROVIDER AGREEMENT REVIEW .....	2
MARKETER AGREEMENT REVIEW .....	3
ACTIVE MEMBERSHIP REVIEW .....	3
Enrollment and Fulfillment Procedures .....	3
Enrollment Effective Date .....	3
Memberships after November 3, 2005.....	3
Memberships prior to November 3, 2005 .....	4
FORMS/CHARGES REVIEW.....	4
CANCELLATION REVIEW .....	5
COMPLAINT/GRIEVANCE REVIEW .....	5
WEBSITE REVIEW.....	6
ADVERTISING REVIEW .....	6
EXAMINATION FINAL REPORT .....	6

## **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 Colony Springs Medical Center (Company or CSMC ) was performed. The scope of this examination was November 3, 2005 through August 31, 2006. The onsite examination began November 27, 2006 and ended December 1, 2006.

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 8333 West McNab Road, Suite 101, Tamarac, FL 33321-3203.

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**

Colony Springs Medical Center, Inc. was incorporated in the State of Florida on July 12, 1990, to do business as a medical center in Broward County providing services such as general medicine, family practice, gynecology, pediatrics, laboratory, basic radiology, and minor surgeries.

A second location, Colony Springs Medical Center of Palm Beach Corporation, was incorporated on April 1, 2005, with offices located at 4949 South Congress Avenue, Suite E, Lake Worth, Florida 33461.

CSMC is now providing service in Miami-Dade, Broward and Palm Beach counties.

This domestic company was licensed as a Discount Medical Plan Organization (DMPO) in Florida on November 3, 2005. The Company's discount medical plan offers discounts for physician services such as cardiac electrophysiology, children's speech therapy, dentistry, family practice, gastroenterology, infectious disease, neurology, ophthalmology, optometry, oral and maxillofacial surgery, pediatrics, podiatry, urology, dermatology, general practice, pulmonary medicine, children's physical therapy, dermatology, and urology, as well as MRI imaging and a diagnostic center.

## PROVIDER NETWORK AGREEMENT REVIEW

The Company has agreements with 2 network providers for its discount medical plan. Pulmonary Physicians of South Florida, LLC gives members access to medical specialists in pulmonary medicine and Leavitt Medical Associates of Florida, Inc. d/b/a Advanced Dermatology and Advanced Cosmetic Surgery gives members access to dermatology specialists. Both networks listed 13 offices and numerous doctors on the lists attached to their provider network agreements.

The Company advised the provider networks provide notification when changes occur to their list of contract providers and the Company is responsible for updating the provider list on a monthly basis.

The provider network agreements state that the discount for services and procedures is 100% of the Medicare rate for all plan members.

A review of the provider network agreements was conducted. The following violations were noted:

- 2 agreements did not require the network to provide an up-to-date list of its contract providers on a monthly basis to the discount medical plan organization as required by Section 636.214(3)(c), Florida Statutes; and
- 2 agreements did not contain a list of the services and products to be provided at a discount as required by Section 636.214(3)(a), Florida Statutes.

**Corrective Actions:** The Company should ensure that all provider network agreements contain terms as required.

## PROVIDER AGREEMENT REVIEW

The Company maintains individual agreements with 220 medical providers. A sample of 25 individual agreements was reviewed for compliance with Section 636.214, Florida Statutes. Two (2) of the sampled providers were for the same Ophthalmologist, and 2 of the sampled providers were provider network agreements and were covered under the Provider Network Review section. As a result, 21 individual provider agreements were reviewed. The review found that 12 provider agreements continued to use the pre-licensed approved plan name of "CSMC ProSalud Gold Plan that was subsequently modified by the DMPO in their approved form filing to "CSMC ProSalud Plan." No other exceptions were noted.

**Corrective Action:** The Company should update the agreements with its providers to revise the pre-licensed plan name from "CSMC ProSalud Gold Plan" to the licensed plan name of "CSMC ProSalud Plan."

## **MARKETER AGREEMENT REVIEW**

The Company maintains marketing agreements with 21 individual marketers. Eleven (11) marketers are listed as inactive and 10 are active. Inactive status means the marketer attended the Company's training session for the DMPO but has never enrolled a member and, in some cases, never signed the marketing agreement. A sample of 4 active and 6 inactive marketer agreements was reviewed for compliance with Section 636.228, Florida Statutes. No violations were noted.

## **ACTIVE MEMBERSHIP REVIEW**

As of August 31, 2006, the Company had 290 active memberships, 205 of which had enrollment effective dates on or after November 3, 2005.

### **Enrollment and Fulfillment Procedures**

Enrollments are handled directly by the Company and its marketers. The member agreement package consists of the enrollment form, benefits and services form, and member agreement form, a copy of which is kept by the enrolling member. The Company is responsible for mailing the fulfillment package consisting of the welcome letter, member's manual, and ID cards to the new member.

### **Enrollment Effective Date**

Unless otherwise requested by the applicant, plan effective dates are implemented as follows:

- enrollment applications received by the Company prior to the 10<sup>th</sup> of the month are effective on the 15<sup>th</sup> of the same month; or
- enrollment applications received by the 25<sup>th</sup> are effective the 1<sup>st</sup> of the following month.

### **Memberships after November 3, 2005**

A random sample of 50 active membership files with effective dates on or after November 3, 2005 was reviewed. The following violations were noted:

- 26 members were enrolled on forms that were not filed with and approved by the Office as required by Section 636.216(3), Florida Statutes; and
- 20 members were charged a \$3 periodic charge as an administrative fee each month for choosing monthly billing as their payment option. This was not filed with and approved by the Office as required by Section 636.216(1), Florida Statutes, and Rule 690-203.204(1)(b), Florida Administrative Code.

**Corrective Action:** The Company should ensure that all members are enrolled only on forms that have been filed with and approved by the Office. The Company should discontinue

charging members any fees in excess of the filed periodic charges and should provide refunds to members for the monthly fees charged.

### **Memberships prior to November 3, 2005**

Between the April 1, 2005 effective date of Chapter 636, Florida Statutes, and the November 3, 2005 date Colony Springs Medical Center was permitted to operate as a licensed DMPO, 85 members were enrolled. Enrolling members in a discount medical plan without a license violates Section 636.204(1), Florida Statutes.

A letter was sent to all members on August 1, 2006, announcing to members that the discount medical plan had been approved by the Office. Members were invited to contact the Company on a toll-free number or refer to the Company's website regarding any questions. A written policy is in effect to keep members enrolled under earlier plans at the original monthly periodic charge, when that periodic charge is lower than the \$30 periodic charge currently approved by the Office.

**Corrective Action:** Members enrolled prior to November 3, 2005 should be provided Florida approved enrollment forms and written agreements upon renewal. Members receiving a periodic charge lower than the charge filed with and approved by the Office should also have their periodic charges adjusted to the filed and approved charges at renewal.

### **FORMS/CHARGES REVIEW**

A review of the Company charges and forms, consisting of enrollment form, members manual, benefits/services list, member agreement, welcome letter, and membership ID card was conducted. All forms are bilingual (English and Spanish) except for the ID card that is issued in either English or Spanish. The enrollment form, benefits/services list and member agreement make up the total member agreement (as a group) and together contain all elements as required. The member's manual, welcome letter and membership ID card comprise the member Fulfillment Package.

The Company has a monthly charge for the discount plan of \$30 per member and a one-time processing fee of \$30. The monthly charge and one-time processing fee were printed on the Company's enrollment form that was filed with and approved by the Office.

The review revealed the following violation:

- The welcome letter and ID card forms have not been filed with and approved by the Office as required by Section 636.216(3), Florida Statutes.

**Corrective Action:** The Company should ensure all forms used are filed with and approved by the Office prior to use.

## CANCELLATION REVIEW

During the scope period of the examination, the Company reported that 33 members cancelled their memberships. The Company reported that none of the cancellations was requested within the first 30 days of their enrollment effective date. A review of all 33 cancellations was conducted. The following violation was noted:

- 1 cancellation, with a membership effective date of enrollment in the plan of 8/30/06, contained a Company cancellation date of 10/31/06. However, review of that member's cancellation letter revealed a date of 9/14/06, thereby falling within the first 30 days after the effective date of enrollment and requiring a reimbursement of all periodic charges as required by Section 636.208(2), Florida Statutes.

**Corrective Action:** The Company should ensure that it refunds all periodic charges to members who cancel within the first 30 days of their enrollment effective date and return the discount medical card to the discount medical plan organization.

The review also found that a member who cancelled their plan wrote a letter that the Company should consider a complaint; however, the letter was not recorded as a complaint. This issue is addressed in the Complaint/Grievance Review section of this report.

## COMPLAINT/GRIEVANCE REVIEW

The Company recorded 46 consumer complaints related to its discount medical plan during the scope of the examination. There were no complaints reported to the Florida Department of Financial Services, Division of Consumer Services, or to the Office, related to this discount medical plan during the scope of the examination.

A review of the 46 consumer complaints demonstrated that the Company is following their policies and procedures that are in place to facilitate the resolution of member grievances and complaints as required by Section 636.205(1)(d), Florida Statutes. All complaints were addressed in a timely manner. Of the recorded complaints, several appeared not to be complaints at all, but rather inquiries about plan rules or were requests for a provider referral or new ID card. The complaints were categorized as follows:

- 2 - complaint regarding plan;
- 14 - inquiries about benefits or operations;
- 1 - provider charged more than plan rates listing;
- 14 - request for additional or replacement membership card; and
- 15 - request for provider referral.

As mentioned under the Cancellation Review section, one member cancellation also involved a complaint. While the Company did promptly enact the requested cancellation, it did not record the complaint in its Complaint Log.

**Corrective Action:** The Company should ensure that all complaints are logged in its Complaint Log.

### **WEBSITE REVIEW**

As a condition of licensure, a DMPO must maintain and establish an internet website page that complies with Section 636.204(4), Florida Statutes. The Company maintains one website: <http://www.colonyspringsmedical.com> that links to [www.prosaludplan.com](http://www.prosaludplan.com), which is the actual website for the DMPO. The website maintains a list of providers that is updated by the Company on a monthly basis as required Section 636.226, Florida Statutes. A review of the website revealed no violations.

### **ADVERTISING REVIEW**

The Company produced 1 advertisement used during the scope of the examination. The advertisement is a full-page magazine ad for Colony Springs Medical Center in which the ProSalud Plan is mentioned. A review of the advertisement revealed the following violations:

- The advertisement does not disclose that the plan is not insurance as required by Section 636.212(1), Florida Statutes;
- The advertisement does not disclose that the plan provides discounts at certain health care providers for medical services as required by Section 636.212(2), Florida Statutes;
- The advertisement does not disclose that the plan does not make payments directly to the providers of medical services as required by Section 636.212(3), Florida Statutes; and
- The advertisement does not disclose that the member is obligated to pay for all health care services but will receive a discount from those health care providers who have contracted with the discount medical plan organization as required by Section 636.212(4), Florida Statutes.

**Corrective Action:** The Company should ensure that all advertising and marketing materials contain the required disclosures.

### **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.