

**FLORIDA DEPARTMENT
OF
INSURANCE**

TARGET MARKET CONDUCT REPORT

OF

FLORIDA HEALTH CARE PLANS, INC.

AS OF

AUGUST 1, 2000

**DIVISION OF INSURER SERVICES
BUREAU OF MARKET CONDUCT**

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I. OVERVIEW AND SUMMARY OF FINDINGS

General

Florida Health Care Plans, Inc. (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.

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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 Holly Hill, Florida, from Nov. 7, 2000, to Nov. 16, 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 the Florida Administrative Code.

The scope period for the examination covered claims with dates of service from May 1, 2000, to August 1, 2000.

Findings

The examination identified violations of statutes relating to claims processing. The violations included: failure to timely pay interest. The Company failed to comply with Section 641.3155, Florida Statutes, Ed. 99.

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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. In response to these findings the Company should take the following corrective actions:

CLAIMS

- Calculate and process interest payments pursuant to Section 641.3155(3), Florida Statutes, Ed. 01.

PROCEDURE MANUALS

Amend the relevant manual(s):

- To establish an interest payment formula pursuant to Section 641.3155(3), Florida Statutes, Ed. 01.

II. CLAIMS REVIEW

Overview

The Company processes claims directly.

Operating Systems

Florida Health Care Plans, Inc.

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One hundred (100) claims processed by the Company's system were examined. The Company had no material exceptions to the prompt payment of claims.

The Company failed to pay interest on one (1) claim. See Exhibit I for details.

A review of the Company's pending age report indicated that there were no claims pending in excess of one hundred twenty (120) days.

III. PROCEDURE MANUAL REVIEW

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

PROCEDURE MANUALS

The Company produced a medical claims manual that does not include a formula for paying interest on claims. Failure to pay appropriate interest constitutes a violation of Section 641.3155(2), Florida Statutes, Ed. 99.

IV. FINDINGS/CORRECTIVE ACTIONS

CLAIMS

Florida Health Care Plans

The claim system had claims that were not being processed with interest as required by Section 641.3155(2), Florida Statutes, Ed. 99.

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Corrective Action

The Company should prepare an action plan within thirty (30) days from the date of the Consent Order that outlines the steps taken to bring the claim systems currently utilized into compliance with the requirements of Section 641.3155(3), Florida Statutes, Ed. 01. This plan should be submitted to the Department for review and approval prior to implementation. The Company must document payment of interest for all claims not timely processed going back to October 1, 1998.

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PROCEDURE MANUALS

The Company failed to produce an interest payment formula. The practice of not paying interest is a violation of Section 641.3155(2), Florida Statutes, Ed. 99.

Corrective Action

The Company should revise its procedure manuals within thirty (30) days of the date of the Consent Order by establishing an interest formula to insure requirements of Sections 641.3155 (3), Florida Statutes, Ed. 01. Revisions to the procedure manuals should include paying interest be submitted to the Department for review and approval prior to implementation.

Deleted: The Company within an action plan within thirty (30) days from the date of the Consent Order that outlines the steps taken to bring each system currently utilized in compliance with the requirements of Section 641.3155 (1) and (2), Florida Statutes. This plan will be submitted to the Department for review and approval prior to implementation.

**2000 TARGET CLAIMS AND PROCEDURES EXAMINATION
OF
FLORIDA HEALTH CARE PLANS, INC.**

EXHIBIT

<u>SUBJECT</u>	<u>EXHIBIT NUMBER</u>
Florida Health Care Claims Violations	I