

**FLORIDA DEPARTMENT  
OF  
INSURANCE**

**TARGET MARKET CONDUCT REPORT**

OF

HEALTHPLAN SOUTHEAST, INC.

AS OF

**NOVEMBER 1, 2000**

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

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**I. OVERVIEW AND SUMMARY OF FINDINGS**

**General**

Healthplan Southeast 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.

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 Tallahassee, Florida, from February 27, 2001, to April 16, 2001.

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 August 1, 2000, to November 1, 2000.

**Findings**

The examination identified multiple violations of statutes relating to claims processing. The violations included: failure to accurately and timely pay interest; failure to adopt and implement standards for the proper investigation of claims; failure to act promptly relative to communications on claims; failure to conduct reasonable investigations before denying claims; and failure to comply with provider contract requirements. In numerous instances, the Company failed to comply with Sections 627.4235, 641.3155, 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 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.

The examination found violations related 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.

### **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. Note: violations, fines and corrective actions of Section 641.3155(2) and (4), Florida Statutes, for failure to timely pay claims are addressed in the 2002 investigation of the prompt payment of claims that followed this examination. In response to these findings, the Company is directed to 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 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. 01.
- 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. 01.
- To ensure that interest payments are processed pursuant to Section 641.3155(3), Florida Statutes, Ed. 01.

## **II. CLAIMS REVIEW**

### **Overview**

The Company processes claims directly and also utilizes the Florida Independent Physicians' Association (FIPA) to service claims in certain regions of Florida.

The investigation involving the FIPA organization is still open.

### **Operating Systems**

#### **Healthplan Southeast**

One hundred (100) claims processed by the Company's system were examined. See Exhibit I for details. The findings are summarized below:

1. Twenty-three (23) claims were not paid, denied or contested within thirty-five (35) days of receipt. No documentation was provided to justify these delays.
2. The Company failed to pay interest on thirteen (13) of these claims.

A review of the Company's pending age report indicated that there were four hundred ninety-two (492) claims pending in excess of one hundred twenty (120) days. See Exhibit II for details.

### **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 the Company to deny Personal Injury Protection (PIP) claims that are submitted without the PIP worksheet typically prepared by 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 III for details.

It is the practice of the Company to deny Workers' Compensation claims that are submitted without the Workers' Compensation carrier's explanation of payment. The denial of these claims violates sections 641.3155(1), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99. See Exhibit III for details.

#### **2. Interest Calculation**

The Company's current procedure is to manually calculate interest to the batch date of the claim and include an additional five (5) days to allow checks to be delivered or received by the provider.

Interest is only paid upon the request of the provider. This is a violation of Section 641.3155(2), Florida Statutes, Ed. 99. See Exhibit IV for details.

#### **IV. FINDINGS/CORRECTIVE ACTIONS**

##### **CLAIMS**

###### **Healthplan Southeast, Inc.**

The Company's claim system had claims that were not being processed as required by Sections 641.3155(1), (2), and (3), Florida Statutes, Ed. 99.

###### **Corrective Action**

The Company has prepared corrective procedures that outline the steps taken to bring the claim systems currently utilized into compliance with the requirements of Section 641.3155(3), Florida Statutes, Ed. 01, relating to timely payment of claims and payment of interest on claims where required. This plan has been implemented by the Company and submitted to the Department.

##### **PROCEDURE MANUALS**

A review of the claim procedures found that it is the policy of the Company to 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 submitted without the other carrier's explanation of payment. This practice violates Sections 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 only upon the request of the provider. This practice violates Section 641.3155(2), Florida Statutes, Ed. 99.

###### **Corrective Action**

The Company has revised its procedure manuals to ensure compliance with the requirements of Sections 641.3155(3), 641.3901, and 641.3903(5)(c) 1 and 4 Florida Statutes, Ed. 01. Revisions to the procedure manuals have been implemented by the Company and submitted to the Department.

**2001 TARGET CLAIMS AND PROCEDURES EXAMINATION**

**OF**

**HEALTHPLAN SOUTHEAST, INC.**

**EXHIBITS**

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