

**FLORIDA DEPARTMENT
OF
INSURANCE**

TARGET MARKET CONDUCT REPORT

OF

HEALTH FIRST HEALTH PLANS, INC.

AS OF

JULY 1, 2000

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

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I. OVERVIEW AND SUMMARY OF FINDINGS

General

Health First Health 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 Melbourne, Florida, from October 17, 2000, to October 27, 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 April 1, 2000, to July 1, 2000.

Findings

The examination found the Company to have no material exceptions to statutes relating to claims processing. Their current practice included the timely processing of claims; the accurate and timely payment of interest; the adoption and implementation of standards for the proper investigation of claims; to act promptly relative to communications on claims; and to conduct reasonable investigations before denying claims. In each instance, it was determined that the Company was substantially in compliance with Sections 627.4235, 641.31(7), 641.3155(1), (2) and (3), 641.3901, and 641.3903(5)(c) 1, and 4, Florida Statutes, Ed. 99.

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II. CLAIMS REVIEW

Overview

The Company processes claims directly.

Operating Systems

Health First Health Plans, Inc.

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One hundred (100) claims processed by the Company's system were examined.
No material exceptions were found.

Fifteen (15) claims from the Company's pending claim age report were examined.
No material exceptions were found.

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 pursue and ultimately pay Personal Injury Protection (PIP) claims that are submitted without the attendant PIP worksheet typically prepared by the PIP carrier. The processing of these claims is in compliance with Sections 627.4235, 641.3155(2), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99.

It is the practice of the Company to pursue and ultimately pay Workers' Compensation (WC) claims that are submitted without the WC worksheet. This is in compliance with Sections 641.3155(2), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99.

It is the practice of the Company to pursue and ultimately pay Other Health Insurance (OHI) claims that are submitted without the worksheet from the other carrier. This is in compliance with Sections 627.4235, 641.3155(2), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes. Ed. 99.

2. Interest Calculation

No material exceptions were found with the Company's current procedure to calculate interest in accordance with Section 641.3155(2), Florida Statutes, Ed. 99.

IV. FINDINGS/CORRECTIVE ACTIONS

CLAIMS

Health First Health Plans, Inc.

It was determined that the claim system had no material exceptions.

Corrective Action

No recommendations.

PROCEDURE MANUALS

It was determined that the Company's procedure manuals had no material exceptions.

Corrective Action

No recommendations.

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.