

**FLORIDA DEPARTMENT
OF
INSURANCE**

TARGET MARKET CONDUCT REPORT

OF

JMH HEALTH PLAN

AS OF

AUGUST 1, 2000

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

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I. OVERVIEW AND SUMMARY OF FINDINGS

General

JMH Health Plan, (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.

Deleted: investigation

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 Miami, Florida, from November 7, 2000, to November 13, 2000. The exam was finalized on November 20, 2000, at the Department's Tallahassee office.

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 found that the Company's procedures relative to the payment of interest on claims paid more than 35 days from receipt would result in a violation of Section 641.3155(2), 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. In response to these findings, the Company should take the following corrective action:

PROCEDURE MANUALS

- To ensure that the interest formula is calculated pursuant to 641.3155(3), Florida Statutes, Ed. 00.

II. CLAIMS REVIEW

Overview

The Company processes claims directly.

Operating System

JMH Health Plan

Deleted: Foundation"

One hundred (100) claims processed by the Company's system were examined. No material exceptions were noted. Since the Company was substantially in compliance with paying claims promptly, it was not determined that interest payments were being made during the scope period.

The Company was unable to provide an aging report. Claims are not entered into the system upon receipt. Claims are date stamped as they are received by the Company and placed on an inventory shelf. Claims with the oldest dates are processed first.

III. PROCEDURE MANUALS REVIEW

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

1. Coordination of Benefits (COB)

No material exceptions noted.

2. Interest Calculation

The Company's current procedure is to calculate interest up to the date the check is printed and not the date the payment is received or otherwise delivered. This procedure would result in a violation of Section 641.3155(2), Florida Statutes, Ed. 99. See Exhibit I for details.

IV. FINDINGS/CORRECTIVE ACTIONS

CLAIMS

JMH Health Plan

No material exceptions were noted.

Corrective Action

The Company will not be required to amend their administrative procedures involving the prompt payment of claims. However, the Company should remain diligent in its payment of claims to ensure compliance with governing statutes.

PROCEDURE MANUALS

The current Company procedure is to calculate interest up to the date the check is printed and not the date the payment is received or otherwise delivered. This practice would result in 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 to insure future compliance with the requirements of Section 641.3155(3), Florida Statutes, Ed. 00. Revisions to the procedure manuals should 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

JMH HEALTH PLAN

EXHIBITS

SUBJECT _____ EXHIBIT NUMBER

Interest Calculation

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