



**THE STATE OF FLORIDA**  
**FINANCIAL SERVICES COMMISSION**

**OFFICE OF INSURANCE REGULATION**  
**MARKET INVESTIGATIONS**

**TARGET MARKET CONDUCT FINAL EXAMINATION REPORT**

**OF**

**FLORIDA HEALTH CARE PLAN, INC.**

**AS OF**

**January 21, 2008**

**NAIC COMPANY CODE: 95124**  
**NAIC GROUP CODE: 0000**

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## EXECUTIVE SUMMARY

Under authorization of the Financial Services Commission, Office of Insurance Regulation (Office), Market Investigations, pursuant to Section 624.3161, Florida Statutes, a target market conduct examination of Florida Health Care Plan, Inc. (Company) was performed by AGI Services. The scope period of this examination was April 1, 2007 through June 30, 2007.

### Summary of Findings:

- Our final review indicates that 0 (0.0%) of claims graded are out of compliance.
- Our test of data accuracy and completeness indicates that data quality meets examination standards for reliance.
- Interest payments are in compliance.

<b>TABLE OF VIOLATIONS BY STATUTE</b>				
Statute/Rule Cite	Description	Total Universe of Claims	Claims Reviewed	Number of Violations
<b>Electronic Claims Excluding Pharmacy</b>				
641.3155(3)(b), F.S.	Paid, denied, contested > 20 and <=90 days			0
641.3155(3)(e), F.S.	Paid, denied, contested >90 days and <=120 days			0
641.3155(3)(e), F.S.	Paid, denied, contested >120 days			0
	<b>Subtotal</b>		<b>5,006</b>	<b>0</b>
<b>Electronic Pharmacy Claims</b>				
641.3155(14), F.S.	Paid, denied, contested >30 and <=90 days			0
641.3155(3)(e), F.S.	Paid, denied, contested >90 days and <=120 days			0
641.3155(3)(e), F.S.	Paid, denied, contested >120 days			0
	<b>Subtotal</b>		<b>9,241</b>	<b>0</b>
<b>NonElectronic Claims Excluding Pharmacy</b>				
641.3155(4)(b), F.S.	Paid, denied, contested >40 and <=90 days			0
641.3155(4)(e), F.S.	Paid, denied, contested >90 days and <=140 days			0
641.3155(4)(e), F.S.	Paid, denied, contested >140 days			0
	<b>Subtotal</b>		<b>50,249</b>	<b>0</b>
<b>NonElectronic Pharmacy Claims</b>				
641.3155(4)(b), F.S.	Paid, denied, contested >40 and <=90 days			0
641.3155(4)(e), F.S.	Paid, denied, contested >90 days and <=140 days			0
641.3155(4)(e), F.S.	Paid, denied, contested >140 days			0
	<b>Subtotal</b>		<b>43</b>	<b>0</b>
<b>TOTAL - All Claims</b>		<b>65,145</b>	<b>64,539</b>	<b>0</b>

## **PURPOSE AND SCOPE OF EXAMINATION**

Under authorization of the Financial Services Commission, Office of Insurance Regulation (Office), Market Investigations, pursuant to Section 624.3161, Florida Statutes, a target market conduct examination of Florida Health Care Plan, Inc. (Company) was performed by AGI Services. The scope period of this examination was April 1, 2007 through June 30, 2007. The examination began August 21, 2007 and ended January 21, 2008.

The purpose of this examination was to determine compliance with Florida prompt pay requirements using computer aided audit techniques, customized software, and standard download formats to efficiently test claims (excluding Medicare) adjudicated within the scope period. The examination included the following procedures:

- **Determine if paid, denied and contested claims are in compliance with Section 641.3155, Florida Statutes to include analysis of claim timeliness, payment of interest and data verification procedures.**

The examiner relied on records provided by the Company. Procedures and conduct of the examination were in accordance with the Market Regulation Handbook produced by the National Association of Insurance Commissioners.

## **COMPANY OPERATIONS**

Florida Health Care Plan, Inc. (Company), was incorporated in the state of Florida on June 2, 1971 as a not-for-profit corporation, and commenced business on July 1, 1974. The Company was authorized to transact business as a qualified Health Maintenance Organization (HMO) under Title XIII of the Public Health Service Act.

In 1994, the Company was acquired by Halifax Hospital Medical Center (HHMC) d/b/a Halifax Medical Center. The Company's enrollees are comprised of three major product lines including Commercial, Medicare and Healthy Kids. The Company's primary business is the provision of prepaid health care services, including primary and specialty services, to members residing in its service areas of Volusia and Flagler counties.

The annual Direct Premium Written in Florida as reported by the Company on Schedule T of the Annual Financial Statements filed with the National Association of Insurance Commissioners for the commercial Health Maintenance Organization line of business was as follows:

Year	Total HMO Annual Direct Premiums Written In Florida
2007	\$155,043,461
2006	\$147,795,694
2005	\$141,574,195

### **PROMPT PAY ANALYSIS AND RESULTS**

#### **I. DETERMINE PROMPT PAY COMPLIANCE**

- 1.) **DESCRIPTION:** There were zero (0.0%) claims during the scope period that were not paid in compliance with Section 641.3155, Florida Statutes.

Florida Health Care Plan's submission included 65,145 claims. Of the claims submitted, 64,539 claims were tested and 606 were excluded from testing because they contained duplicate records, negative payment amounts, or unusual data relationships. A sample of claims with unusual data relationships was selected for further testing with no significant findings.

The Company's was in compliance with Section 641.3155(12), Florida Statutes.

#### **II. DETERMINE INTEREST PAYMENT COMPLIANCE**

- 1.) **DESCRIPTION:** Interest compliance was not tested as all claims during the scope period were in compliance.

#### **III. DATA VERIFICATION**

- 1.) **DESCRIPTION:** Florida Health Care Plan met examination standards for reliance, accuracy and completeness.

Data verification procedures included testing of random and judgmental samples as well as computer aided audit techniques to verify the accuracy and completeness of the data provided by the Company.

## **EXAMINATION FINAL REPORT SUBMISSION**

The courtesy and cooperation of the officers and employees of the Company during the examination are acknowledged and appreciated.

Examiners participating with this exam were:

Joanna J. Latham, CPA – Senior Examiner, AGI Services

Trina W. Barton - Examiner, AGI Services