

**FLORIDA DEPARTMENT
OF
INSURANCE**

TARGET MARKET CONDUCT REPORT

OF

NEIGHBORHOOD HEALTH PARTNERSHIP, INC.

AS OF

MAY 1, 2001

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

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I. OVERVIEW AND SUMMARY OF FINDINGS

General

Neighborhood Health Partnership, 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 Miami, Florida, from June 12, 2001, to July 3, 2001. Additionally, claims manuals were reviewed.

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 February 1, 2001 to May 1, 2001.

Findings

The examination identified violations of statutes relating to claims processing. The violations included: failure to timely process claims and failure to accurately and timely pay interest in accordance with Section 641.3155(2) and (3), Florida Statutes.

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 corrective measures that ensure that all claim systems pay claims in accordance with Section 641.3155, Florida Statutes. A penalty in the amount of ten thousand dollars (\$10,000), including appropriate Administrative Legal costs, will also be levied in response to the violations of law determined during this examination. In response to these findings, and in addition to the aforementioned administrative fines, the Company is directed to take the following corrective actions:

CLAIMS

- Process paid, denied and contested claims pursuant to Section 641.3155(3) and (4), Florida Statutes, Ed. 2002.
- Calculate and process interest payments pursuant to Section 641.3155(6), Florida Statutes, Ed. 2002.

II. CLAIMS REVIEW

Overview

The Company processes claims in-house and also uses external claims systems..

Operating Systems

A. **Neighborhood**

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

1. Four (4) 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 three (3) of these claims.

B. **PSYCH/CARE**

Twenty-five (25) claims processed by Psych/Care were examined. See Exhibit II for details. The findings are summarized below:

1. Three (3) claims were not paid, denied or contested within 35 days of receipt.
2. Ten (10) late claims were paid without interest.

C. **Foot and Ankle Network**

Foot and Ankle Network, Inc., has been determined to be a capitation arrangement consistent with Section 641.19(3), Florida Statutes.

III. PROCEDURE MANUALS REVIEW

Policy and procedures manuals relating to the processing of claims were examined and found to be substantially in compliance.

IV. FINDINGS/CORRECTIVE ACTIONS

CLAIMS

Neighborhood Health Partnership, Inc.

Each claim system had claims that were not being processed as required by Section 641.3155(2) and (3), Florida Statutes.

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 claims system currently used by Psych Care, Inc. into compliance with the requirements of Sections 641.3155(3)(4) and (6), Florida Statutes, Ed. 2002. This plan should be submitted to the Department for review and acceptance.

PROVIDER CONTRACTS/MANUALS

A review of the provider contracts and provider manual found that the Company presented no material exceptions.

SUBJECT

EXHIBIT NUMBER

Neighborhood Claims Violations

I

Psych/Care Claims Violations

II