

**FLORIDA DEPARTMENT  
OF  
INSURANCE**

**TARGET MARKET CONDUCT REPORT**

OF

PREFERRED MEDICAL PLAN, 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**

Preferred Medical Plan, 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 Coral Gables, Florida, from June 27, 2001, to July 6, 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 February 1, 2001, to May 1, 2001.

### **Findings**

The examination found the Company to be in compliance with statutes relating to claims processing. Their current proactive 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 in compliance with Sections 627.4235, 641.3155 (2), (3), and (4), 641.3901, and 641.3903 (5)(c) 1, and 4, Florida Statutes.

Moreover, the examination found no violations relating to the Company's practice for addressing private passenger automobile accident health insurance (PIP) claims. It was determined that the Company is in compliance with Sections 627.4235, 641.31 (7), 641.3155 (2), and 641.3903 (5)(c) 1 and 4, Florida Statutes.

The examination also found no violations related to the Company's practice for addressing Worker's Compensation (WC) claims. It was determined that the Company is in compliance with Sections 641.3155 (2), 641.3901, and 641.3903 (5)(c) 1 and 4, Florida Statutes.

The examination also found no violation related to the Company's practice addressing Other Health Insurance (OHI) claims. It was determined that the Company is in Compliance with Sections 627.4235, 641.31 (7), 641.3155 (2), 641.3901, and 641.5903 (5)(c) 1 and 4, Florida Statutes.

## **II. Claims Review**

### **Overview**

The company process claims directly.

### **Operating Systems**

#### **A. Preferred Medical Plan**

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

1. All one hundred (100) claims were processed within thirty-five (35) days of receipt as required by Section 641.3155 (2).

A review of the Company's pending claim age report indicated that there were no claims pending in excess of 120 days

### **III. Procedure Manuals Review**

The 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 ultimately pay and pursue Personal Injury Protections (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.

It is the practice of the Company to ultimately pay and pursue Worker's 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.

It is the practice of the Company to ultimately pay and pursue 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.

2. Interest Calculation

The Company's current procedure is to calculate interest up to the date the check is received or otherwise delivered. This procedure is in compliance with Section 641.3155 (2), Florida Statutes.

## **IV. Findings/Corrective Actions**

### **Claims**

#### **Preferred Medical Plan, Inc**

It is determined that claims were being processed as required by Sections 641.3155 (2), (3), and (4), Florida Statutes.

### **Corrective Actions**

No recommendations

### **Procedure Manuals**

A review of the claim procedures found that it is the policy of the Company to ultimately pay and pursue Personal Injury Protection (PIP) claims received without the automobile carrier's PIP worksheets. This is in compliance with Sections 627.4235, 641.3155 (2), 641.3901, and 641.3903 (5)(c) 1 and 4, Florida Statutes.

A review of the claim procedure found that it is the policy of the Company to ultimately pay and pursue Workers' Compensation claims. This is in compliance with Sections 641.3155 (2), 641.3901, and 641.3903 (5)(c) 1 and 4, Florida Statutes.

A review of the claim procedures found that it is the policy of the Company to ultimately pay and pursue Other Health Insurance claims. This is in compliance with Sections 627.4235, 641.3155 (2), 641.3901, and 641.3903 (5)(c) 1 and 4, Florida Statutes.

The current Company procedure is to calculate interest up to the date the check is received or otherwise delivered. This procedure is in compliance with Section 641.3155 (2), Florida Statutes.

### **Recommendation**

No recommendations