

FINANCIAL SERVICES COMMISSION

**FLORIDA OFFICE OF INSURANCE REGULATION
MARKET INVESTIGATIONS**

MARKET CONDUCT FINAL EXAMINATION REPORT

OF

UNITED HEALTHCARE SERVICES, INC.

AS OF

October 6, 2006

FLORIDA COMPANY CODE: 56028



TABLE OF CONTENTS

PURPOSE AND SCOPE OF EXAMINATION	1
DESCRIPTION OF COMPANY	1
PROVIDER NETWORK AGREEMENT REVIEW	1
PROVIDER AGREEMENT REVIEW	1
MARKETER AGREEMENT REVIEW	2
ACTIVE MEMBERSHIP REVIEW	2
Enrollment and Fulfillment Procedures	2
Enrollment Effective Date	2
Memberships after July 1, 2005.....	2
Memberships prior to July 1, 2005	3
FORMS/CHARGES REVIEW	3
CANCELLATION REVIEW	3
COMPLAINT/GRIEVANCE REVIEW	4
WEBSITE REVIEW	4
ADVERTISING REVIEW	5
EXAMINATION FINAL REPORT	5

PURPOSE AND SCOPE OF EXAMINATION

Under authorization of the Financial Services Commission, Florida Office of Insurance Regulation (Office), Market Investigations, pursuant to Section 636.206, Florida Statutes, a market conduct examination of United HealthCare Services, Inc. (UHCS or Company) was performed by Huff Thomas and Company. The scope of this examination was July 19, 2005 through September 30, 2006. The examination began October 2, 2006 and ended October 6, 2006.

The purpose of this examination was to review the Company's compliance with Chapter 636, Part II, Florida Statutes as effective on April 1, 2005. Chapter 636, Part II, Florida Statutes, regulates discount medical plan organizations, entities that, in exchange for fees, dues, charges, or other consideration, provide access for plan members to providers of medical services and the right to receive medical services from those providers at a discount.

The Company's records were examined at its offices located at 6300 Olsen Memorial Highway, Minneapolis, Minnesota 55440-1459.

This Final Report is based upon information from the examiner's draft report, additional research conducted by the Office, and additional information and comments provided by the Company in response to the draft report. Procedures and conduct of the examination were in accordance with the Market Regulation Handbook produced by the National Association of Insurance Commissioners.

DESCRIPTION OF COMPANY

This foreign company was licensed as a Discount Medical Plan Organization (DMPO) in Florida on July 1, 2005. UHCS's discount medical plan provides one discount infertility plan that has several different service levels with discounts of 10% to 20%.

PROVIDER NETWORK AGREEMENT REVIEW

The Company does not use provider networks.

PROVIDER AGREEMENT REVIEW

The Company uses providers with whom it contracts directly for infertility services. As of October 6, 2006, the Company reported 3 providers participating in its ParentSteps Plan.

The 3 provider agreements were reviewed to verify compliance with Section 636.214, Florida Statutes. No violations were noted.

MARKETER AGREEMENT REVIEW

United HealthCare Services, Inc. does not use outside marketers.

ACTIVE MEMBERSHIP REVIEW

As of October 2, 2006, the Company had 43 active memberships, all of which had enrollment effective dates on or after July 1, 2005.

Enrollment and Fulfillment Procedures

Existing insured's of the parent company, UnitedHealth Group, Inc., may enroll themselves using the UHCS's forms contained on the Company website. Individual enrollments are handled directly by the Company, which is the sole marketer of the product via its online system. UHCS enrolled all members on forms that have been filed with and approved by the Office as required by Section 636.216(3), Florida Statutes. All enrollments occurred through the DMPO's website. The online enrollment forms are the same as the forms filed with and approved by the Office. Upon acceptance of a new member's enrollment, the Company sends the new member an e-mail letter with the payment confirmation attached. The letter simply confirms that the member has pre-paid for a complete cycle and may begin their infertility services as soon as they can schedule it with their doctor. In the online sign up process, the insured receives a copy of the agreement for services through the electronic sign up system. They may print a copy of their agreement at this time. The agreement for services can be sent to the member's home address if requested by them.

As of October 6, 2006, new members are not issued DMPO membership cards. New members select a provider from the Company's website listing of providers when a member enrolls in the plan. The new member receives a membership agreement via the online enrollment process, which also provides and captures the member's information and accepts payment for the plans' services.

Enrollment Effective Date

The Company stated the effective date for members is the date the consumer enrolls online and accepts the terms of the User Agreement. This differs from the procedure filed with and stamped approved by the Office in which it states the effective date of membership shall be the date on which the payment transaction is completed for discounted health services.

Memberships after July 1, 2005

Forty-four (44) membership files were reviewed. Of the 44 files reviewed, all members were customers of the parent company, UnitedHealth Group, Inc. UHCS provided copies of each member's file and member services log notes for review.

One (1) file reviewed contained a membership application date of April 12, 2005, before UHCS obtained its DMPO license; however, this individual never activated nor paid for a cycle of treatment. The remaining 43 member files reviewed were enrolled after the Company obtained its DMPO license.

The Company was billing and receiving from members both a charge for their plan and the clinical fees paid to providers. Section 636.210(1)(d), Florida Statutes, prohibits a discount medical plan organization from paying providers any fees for medical services. A discount medical plan organization may not collect or accept money from a member for payment to a provider for specific medical services furnished or to be furnished to the member. The only exception to the statutory requirement is when the organization has an active certificate of authority from the Office to act as a third party administrator. The Company is a licensed third party administrator and, therefore, is not in violation of the Statute.

Memberships prior to July 1, 2005

The Company had 1 membership application that was received prior to its date of licensure, and as mentioned above, it was never activated nor did the applicant pay for a cycle of treatment.

FORMS/CHARGES REVIEW

On September 19, 2005, the Office approved enrollment forms, rates, a member agreement, various website pages, and a schedule of benefits filed by the Company to enroll individuals who have health insurance with UHCS's parent company (United HealthCare Group). A review confirmed the Company utilizes only forms that have been filed with and approved by the Office.

The member agreement reviewed was in compliance with Rule 69O-203.202, Florida Administrative Code. One (1) provision of the Rule was not applicable to UHCS. The plans sole product is infertility services; therefore, it is unnecessary to provide for the addition of family members to the Company's discount plan. However, any insured person can ask for services so long as the provider deems services are appropriate for a given candidate.

A review confirmed the Company is using only charges that have been filed with and approved by the Office.

No violations were noted.

CANCELLATION REVIEW

During the scope period, the Company reported that 11 members cancelled their memberships within the first 30 days of their enrollment effective date. All 11 files were reviewed to verify the reimbursement of all periodic charges and any portion of a one-time processing fee that exceeds \$30.00 per year. The following violation was noted:

- 8 files did not show the member receiving a reimbursement of all periodic charges as required by Section 636.208(2), Florida Statutes.

Corrective Action: The Company should review all cancellations to ensure it refunds all periodic charges or one-time processing fees that exceed \$30.00 per year to members who cancelled within the first 30 days of their enrollment effective date. The Company should also ensure the effective date of membership is the day on which the payment transaction is completed for discounted health services in accordance with the enrollment procedures that were filed with and approved by the Office.

The Company explanation for the retention of periodic charges was due to the member partially using their contracted cycle of infertility treatment. The Company does have a previously agreed upon set of reduced charges that are to be retained at certain points of completion of the members contracted services. The 8 members who initiated cancellations all consumed some amount less than 100% of the contracted clinical services that were selected and paid for by the Company.

COMPLAINT/GRIEVANCE REVIEW

The Company has recorded 1 consumer complaint related to its discount medical plan since licensure. There were no exceptions noted in the handling of the complaint. UHCS had no complaints reported to the Department of Financial Services, Division of Consumer Services, or the Office related to this DMPO. The examiner did note that the Company had not yet generated a formatted log on which to record complaints. The single complaint examined was documented thoroughly by the Company.

Policies and procedures are in place to facilitate the resolution of member grievances and complaints as required by Section 636.205(1)(d), Florida Statutes. No violations were noted.

WEBSITE REVIEW

As a condition of licensure, a discount medical plan organization is to establish an internet website page where it must maintain an up-to-date list of the names and addresses of its providers in order to comply with Section 636.226, Florida Statutes. The Company maintains a website with various informative links to educate the potential consumer and give them an enrollment vehicle. The interactive website link is: www.urnparentsteps.com.

A review of the website was conducted during the onsite examination. The website contains a general description of UHCS's services and the link to the provider directory as required by Section 636.226, Florida Statutes. The provider's location and contact information are also included. The website specifically informs the viewer that UHCS is a discount medical plan organization and contains statements such as "*Please be aware that ParentSteps is not an insurance policy*" and "*it is a plan that provides discounts*" so as not to mislead a person into

believing the discount plan is health insurance. The website contains all disclosures as required by Section 636.212, Florida Statutes.

Consumers searching for a discount medical plan provider are taken to provider listings that include providers contracted for UHCS's prepaid infertility services discount plan. The listings contain several service locations for each of the Company's 3 contracted providers that the member can use.

No violations were noted.

ADVERTISING REVIEW

The Company advertises through a mailer and its website. Unlike the website, the Company's mailers are not enrollment vehicles, but rather invitations to inquire.

The Company provided a complete copy of all documents contained in the mailer and used in the soliciting of its products. A review of all provided mailer advertisements was conducted with no violations noted.

EXAMINATION FINAL REPORT

The Office hereby issues this report as the Final Report, based upon information from the examiner's draft report, additional research conducted by the Office, and additional information and comments provided by the Company in response to the draft report.