

**FLORIDA DEPARTMENT
OF
INSURANCE**

TARGET MARKET CONDUCT REPORT

OF

ONE HEALTH PLAN OF FLORIDA, INC.
AS OF

SEPTEMBER 1, 2000

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

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I. OVERVIEW AND SUMMARY OF FINDINGS

General

One Health Plan of Florida, 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.

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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 Tampa, Florida, from January 17, 2001, to January 24, 2001. The examination was completed 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 June 1, 2000, to September 1, 2000.

Findings

The examination identified multiple violations of statutes relating to claims processing. The violations included: failure to timely process claims; failure to accurately and timely pay interest; failure to adopt and implement standards for the proper investigation of claims; failure to act promptly relative to communications on claims; and failure to conduct reasonable investigations before denying claims. In numerous instances, the Company failed to comply with Section 641.3155, Florida Statutes, Ed. 99.

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Moreover, the examination found violations relating to the improper denial of Workers’ Compensation claims. These denials violate Sections 641.3155(1), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99.

Your Company requested a further review of Workers’ Compensation denials and provided forms approved by Florida. The penalties associated with this violation were removed. The Life and Health Forms and Rates Bureau will direct you to cease using form ONE-FL-EOC(5/00) and all other forms having the same Workers’ Compensation exclusion language. They will direct you to refile the forms to comply with Florida’s current position on occupational illnesses and injuries.

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 other corrective measures. A penalty in the amount of fourteen thousand and five hundred dollars (14,500), plus 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 should take the following corrective actions:

Deleted: which will include fifty (50) Category I "nonwillful" violations. The penalty amount would be

CLAIMS

- Process paid, denied and contested claims pursuant to Section 641.3155(2), Florida Statutes, Ed. 01.
- Calculate and process interest payments pursuant to Section 641.3155(3), Florida Statutes, Ed. 01
- Process paid and denied claims pursuant to Section 641.3155(4), Florida Statutes, Ed. 01.

PROCEDURE MANUALS

Amend the relevant manual(s):

- To ensure that Workers' Compensation claims are processed pursuant to Sections 641.3155(2), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 01.
- To include an interest payment formula pursuant to Section 641.3155(3), Florida Statutes, Ed. 01.

II. CLAIMS REVIEW

Overview

The Company processes claims directly.

Operating System

One Health Plan of Florida, Inc.

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

1. Fourteen (14) 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 all fourteen (14) claims.

From the Company age report eight (8) claims were reviewed from the 90 days and greater category. See Exhibit II for details. The findings are summarized below:

Four (4) claims were not paid, denied or contested within one hundred twenty (120) days of receipt.

III. PROCEDURE MANUALS REVIEW

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 deny Workers' Compensation claims that are submitted without further investigation.

2. Interest Calculation

The Company's current procedure is to calculate interest up to the date the claim is processed and not the date the payment is received or otherwise delivered. This procedure violates Section 641.3155(2), Florida Statutes, Ed. 99. See Exhibit IV for details.

IV. FINDINGS/CORRECTIVE ACTION

CLAIMS

One Health Plan of Florida, Inc.

The claims system had claims that were not being processed as required by Sections 641.3155 (1), (2), and (3), Florida Statutes, Ed. 99.

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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 claim systems currently utilized into compliance with the requirements of Sections 641.3155 (2), (3), and (4), Florida Statutes, Ed. 01. This plan should be submitted to the Department for review and approval prior to implementation.

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PROCEDURE MANUALS

A review of the claim procedures found that it is the policy of the Company to deny Workers' Compensation without further investigation.

The current Company procedure is to calculate interest up to the date the claim is processed and not the date the payment is received or otherwise delivered. This practice violates 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 Sections 641.3155 (2) and (3), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 01. 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.

2001 TARGET CLAIMS AND PROCEDURES EXAMINATION
OF
ONE HEALTH PLAN OF FLORIDA, INC.

EXHIBITS

<u>SUBJECT</u>	<u>EXHIBIT NUMBER</u>
One Health Plan Claims Violations	I
One Health In-house Aging Claims Report	II
Interest Calculation	III