FLORIDA DEPARTMENT OF INSURANCE

TARGET MARKET CONDUCT REPORT

OF

CIGNA HEALTHCARE OF FLORIDA, INC.

AS OF

FEBRUARY 1, 2000

DIVISION OF INSURER SERVICES
BUREAU OF MARKET CONDUCT

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2677 √

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I. OVERVIEW AND SUMMARY OF FINDINGS

General

Cigna Healthcare 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.

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 August 20, 2000, to August 30, 2000.

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 November 1, 1999, to February 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 Sections 641.3155, 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99.

Moreover, the examination found violations relating to the improper denial of private passenger automobile accident health insurance (PIP) claims. These actions violate Sections 641.3901 and 641.3903(5)(c) 1 and 4, Florida Statutes.

The examination found violations related to the improper denial of Workers' Compensation (WC) claims. These denials violate Sections 641.3901 and 641.3903(5)(c) 1 and 4, Florida Statutes.

The examination found violations related to the improper denial of coordination of benefits (COB) claims. These denials violate Sections 641.3901 and 641.3903(5) (c) 1 and 4, 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 other corrective measures. A penalty in the amount of ninety five thousand five hundred dollars ($95,500), 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 is directed to take the following corrective actions:

CLAIMS

- Process paid, denied and contested claims pursuant to Section 641.3155(2), Florida Statutes, Ed. 00.
- Calculate and process interest payments pursuant to Section 641.3155(3), Florida Statutes, Ed. 00.
- Process paid and denied claims pursuant to Section 641.3155(4), Florida Statutes, Ed. 00.
- Establish procedures that will facilitate compliance with Section 641.3903(5)(c), Florida Statutes.

PROCEDURE MANUALS

Amend the relevant manual(s):

- To ensure that automobile accident health insurance claims (PIP) are processed pursuant to Sections 641.3901 and 641.3903(5)(c) 1 and 4, Florida Statues.
- To ensure that Workers Compensation claims are processed pursuant to Sections 641.3901 and 641.3903(5)(c) 1 and 4, Florida Statutes.
- To ensure that COB claims are processed pursuant to Section 641.3903(5) (c) 1 and 4, Florida Statutes.

II. CLAIMS REVIEW

Overview

The Company processes claims directly. The company also utilizes Management Service Organizations (MSOs):

Vivra, Inc., processes ob/gyn, ophthalmology, neurology, orthopedic, ent., and cardiology claims.

Florida Hospital Health System (FHHS), processes hospital claims.

American Imaging Management (AIM) processes diagnostic imaging claims.

Innovative Clinical Solutions, Limited (ICSL), processes urology, dermatology, chiropractic, podiatry and pulmonary claims.

Total Neurological Care, processes neurology claims.

Operating Systems

A. Cigna Healthcare of Florida

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

1. Two (2) claims were not paid, denied or contested within thirty-five (35) days of receipt. No documentation was provided to justify these delays.
2. Both claims were duplicates of previously processed claims.

A review of the Company's pending age report indicated that there were no claims pending in excess of one hundred twenty (120) days.

B. Vivra, Inc.

Twenty (20) claims processed by Vivra were examined. See Exhibit II 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. Vivra failed to pay interest on three (3) of these claims.

3. There are no established procedures for the payment of interest on overdue claims. See Exhibit VIII for details.
4. One (1) claim was denied after thirty-five (35) days.

A review of Vivra's pending claims aging report indicated there were no claims in excess of 120 days.

C. Florida Hospital Health Systems (FHHS)

Twenty (20) claims processed by FHHS were examined. See Exhibit III for details. The findings are summarized below:

1. Eighteen (18) claims were not paid, denied or contested within thirty-five (35) days of receipt. No documentation was provided to justify these delays.
2. FHHS failed to pay interest on eighteen (18) of these claims.
3. There are no established procedures for the payment of interest on overdue claims for FHHS. See Exhibit VIII for details.
4. FHHS does not utilize an aging report for opened and pended claims.

D. American Imaging Management (AIM)

Nineteen (19) claims processed by AIM were examined. See Exhibit IV for details. The findings are summarized below:

1. Five (5) claims were not paid, denied or contested within thirty-five (35) days of receipt. No documentation was provided to justify these delays.
2. AIM failed to pay interest on four (4) of these claims.
3. There are no established procedures for the payment of interest on overdue claims. See Exhibit VIII for details.
4. One (1) claim had been previously processed, but denied after thirty-five (35) days.

E. Innovative Clinical Solutions, Limited (ICSL) - Breathco, Inc.

Twenty (20) claims processed by Breathco were examined. See Exhibit V for details. The finding are summarized below:

1. Ten (10) claims were not paid, denied or contested within thirty-five (35) days of receipt. No documentation was provided to justify these delays.
2. Breathco failed to pay interest on six (6) of these claims.
3. There are no established procedures for the payment of interest on overdue claims. See Exhibit VIII for details.

4. Breathco does not utilize an aging report for opened and pended claims.

F. ICSL Urology Consultants of South Florida (UCSF)

Twenty (20) claims processed by UCSF were examined. No violations were found.

There are no established procedures for the payment of interest on overdue claims. See Exhibit VIII for details.

A review of USCF's pending claims aging report indicated that there were no claims in excess of one hundred twenty (120) days.

G. Total Neurological Care (TNC)

Twenty-five (25) claims processed by TNC were examined. See Exhibit VI for details.

1. Twenty-five (25) claims were not paid, denied or contested within thirty-five (35) days of receipt.
2. TNC failed to pay interest on ten (10) of these claims.
3. There are no established procedures for the payment of interest on overdue claims. See Exhibit VIII for details.
4. TNC does not utilize an aging report for opened and pended claims.

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 Cigna to ultimately deny Personal Injury Protection (PIP) claims that are submitted without the attendant PIP worksheet typically prepared by the PIP carrier. The denial of these claims violates Sections 641.3901 and 641.3903(5)(c) 1 and 4, Florida Statutes. See Exhibit VII for details.

   It is the practice of Cigna to ultimately deny Workers Compensation claims that are submitted without further investigation. This is a violation of Sections 641.3901 and 641.3903(5)(c) 1 and 4, Florida Statutes. See Exhibit VII for details.

   It is the practice of Cigna to deny Coordination of Benefits claims that are in excess of one hundred dollars ($100.00) and submitted without an EOB from the other carrier. This is a violation of Sections 641.3901 and 641.3903(5)(c) 1 and 4, Florida Statutes. See Exhibit VII for details.

2. Interest Calculation

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

IV. FINDINGS/CORRECTIVE ACTIONS

CLAIMS

Cigna Healthcare, Vivra, Florida Hospital Health System, American Imaging Management and Breathco

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

Corrective Action

The Company is directed to 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. 00. This plan shall be submitted to the Department for review and approval prior to implementation.

PROCEDURE MANUALS

A review of the claim procedures found that it is the policy of the Company to ultimately deny Personal Injury Protection (PIP) claims received without the automobile carrier's PIP worksheets. This practice violates Sections 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 deny Workers Compensation claims. This practice violates Sections 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 deny Coordination of Benefits claims. This practice violates Sections 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 claim is paid 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 is directed to 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 (3), 641.3901, 641.3903(5)(c) 1 and 4 Florida Statutes, Ed. 00. Revisions to the procedure manuals shall be submitted to the Department for review and approval prior to implementation.

2000 TARGET CLAIMS AND PROCEDURES EXAMINATION

OF

CIGNA HEALTHCARE OF FLORIDA

EXHIBITS

SUBJECT	EXHIBIT NUMBER
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Vivra Claims Violations	II
Florida Hospital Health System	III
American Imaging Management	IV
Breathco	V
Total Neurological Care	VI
Coordination of Benefits	VII
Interest Calculation	VIII