



THE STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS

TARGET MARKET CONDUCT FINAL EXAMINATION REPORT

OF

UnitedHealthcare of Florida, Inc.

AS OF

January 8, 2010

NAIC COMPANY CODE: 95264

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
PURPOSE AND SCOPE OF EXAMINATION	1
COMPANY OPERATIONS	2
GAP ANALYSIS AND RESULTS	3
EXAMINATION FINAL REPORT SUBMISSION	4

EXECUTIVE SUMMARY

The purpose of this examination was to verify the accuracy of the self-reported 2008 Gross Annual Premium and Enrollment (GAP) submission.

Data downloads and additional supporting documents provided by UnitedHealthcare of Florida, Inc. (Company) were reviewed and reconciled to the amounts the Company submitted on their GAP Report and Annual Statement. The following represent general findings. Specific details are found in each section of the report.

Summary of Findings			
GAP Reporting Area	Market Segment	Findings	Reason
Direct Losses Incurred	2-5 Member Groups	Understated by \$4,931,625	Misclassification of losses between market segments.
	6-50 Member Groups	Understated by \$8,637,311	
	51+ Member Groups	Overstated by \$13,568,931	
Average Number of Days to Pay Claims	All market segments	Reported 2006 number	Did not calculate the average number of days by individual market segments. The Company has been reporting zero days since 2006.

PURPOSE AND SCOPE OF EXAMINATION

The Office of Insurance Regulation (Office), Market Investigations, conducted a target market conduct examination of UnitedHealthcare of FL, Inc. pursuant to Section 641.3905, Florida Statutes. The examination was performed by AGI Services. The scope period of this examination was January 1, 2008 through December 31, 2008. The examination began on July 27, 2009 and ended January 8, 2010.

Pursuant to Section 627.9175, F.S., and Rule 69O-137.004 F.A.C., each health insurer, prepaid limited health services organization, and health maintenance organization is required to file a

Report of Gross Annual Premiums and Enrollment Data for Health Benefit Plans Issued to Florida Residents (GAP) by April 1 of each year.

The purpose of this examination was to verify the accuracy of the data reported for each market segment in which the company conducts business. There are seven reporting areas required in the GAP submission.

- 1) Direct Premiums Earned for New and Renewal Business
- 2) Direct Losses Incurred
- 3) Direct Premiums Earned for New Business Only
- 4) Employers, if Group Coverage, at End of Reporting
- 5) Primary Insureds at End of Reporting
- 6) Covered Dependents at End of Reporting
- 7) Average Number of Days Taken to Pay Claims

The following procedures were used in conducting the review:

- Obtained a data download of direct premiums earned, direct losses, employers (if group coverage), primary insureds, covered dependents and claims paid. This data was reviewed and reconciled to the amounts the Company submitted on their GAP Report and Annual Statement.
- Analyzed data and performed computer aided audit techniques using ACL to verify the accuracy of the data provided and determine the proper classification.
- Identified areas of concern and held discussions with Company personnel to address and understand these areas.

In reviewing materials for this final report, the examiner relied on records provided by the Company. Procedures and conduct of the examination were in accordance with the *Market Regulation Handbook* produced by the National Association of Insurance Commissioners.

COMPANY OPERATIONS

UnitedHealthcare of FL, Inc. is a domestic Health Maintenance Organization licensed to conduct business in the State of Florida on May 15, 1995.

For calendar year 2008, the Company reported premiums in the major medical in-state market segment.

Total Direct Premiums Written in Florida for Accident and Health Premiums were as follows:

Year	Total Written Premium In Florida (Per Schedule T of the Annual Statement)
2008	\$720,182,287
2007	\$810,816,407

GAP ANALYSIS AND RESULTS

I. Direct Premiums Earned for New and Existing Business

Findings: None

Corrective Action: None

II. Direct Losses Incurred

Findings: The Company misclassified loss amounts between the different market segments.

The table below summarizes the inaccuracies in the Company's 2008 filing:

Market Segment	Per 2008 Filing	Per Examination	Variance
Line 4: 2-5 Member Groups	\$13,193,877	\$18,125,502	(\$4,931,625)
Line 5: 6-50 Member Groups	\$23,101,017	\$31,738,328	(\$8,637,311)
Line 6: 51+ Member Groups	\$598,095,259	\$584,526,328	\$13,568,931
Total			\$5

Corrective Action: The Company should accurately report each market segment for Direct Losses Incurred on the GAP Filing.

III. Direct Premiums Earned for New Business Only

Findings: None

Corrective Action: None

IV. Employers, if Group Coverage, at End of Reporting

Findings: None

Corrective Action: None

V. Primary Insureds at End of Reporting

Findings: None

Corrective Action: None

VI. **Covered Dependents at End of Reporting**

Findings: None

Corrective Action: None

VII. **Average Number of Days Taken to Pay Claims**

Findings: The Company has not been calculating the Average Number of Days Taken to Pay Claims and has been reporting zero since 2006.

The Company's 2008 claims data was used to calculate the average number of days to pay claims. The Company understated the average number of days to pay claims by:

- Small Group - 13 days
- Large Group - 9 days
- Conversion - 9 days

Corrective Actions: The Company should calculate the average number of days taken to pay claims by individual market segment indicators on a yearly basis.

EXAMINATION FINAL REPORT SUBMISSION

The courtesy and cooperation of the officers and employees of the Company during the examination are acknowledged and appreciated.

Examiners participating with this exam were:

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