THE STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION
MARKET INVESTIGATIONS

TARGET MARKET CONDUCT FINAL EXAMINATION REPORT

OF

Vista Healthplan, Inc.

AS OF

October 30, 2009

NAIC COMPANY CODE: 95114

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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 provided by Vista Healthplan, 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**
Average Number of Days to Pay Claims	Average of four market segments	Reported 2005 number	The Company has been reporting five days since 2005.

PURPOSE AND SCOPE OF EXAMINATION

The Office of Insurance Regulation (Office), Market Investigations, conducted a target market conduct examination of Vista Healthplan, Inc. (Company) 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 July 17, 2009 and ended October 30, 2009.

Pursuant to Section 641.3905, 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

Vista Healthplan, Inc. is a domestic Health Maintenance Organization licensed to conduct business in the State of Florida on October 17, 2000.

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

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	$541,114,525
2007	$528,425,226

GAP ANALYSIS AND RESULTS

I. **Direct Premiums Earned for New and Existing Business**

Findings: None

Corrective Action: None

II. **Direct Losses Incurred**

For capitation expense, the Company used the covered lives for the specific market segment as compared to the total covered lives to determine the percentages used to distribute the total capitation expense. For the remaining reconciling items, the Company used a percentage of IBNR for each market segment to the total and applied that same percentage for the remaining reconciling items.

Findings: None

Corrective Action: None

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 did not include claims received prior to January 1, 2008 and did not calculate the average number of days to pay claims by market segment. The Company has not been recalculating the average number of days to pay claims on a yearly basis and has been reporting 25 days since 2005.

To arrive at the 25 days, the Company had calculated the average number of days to pay claims on a claim line-basis rather than on a claims-basis. The Company's calculation methodology does not adhere to GAP instructions and resulted in a lower average number of days taken to pay claims. The Company's 2008 claims data was used to calculate the average number of days to pay claims on a claim line-basis. The result of this calculation was 30 days and therefore, the 25 days reported on the GAP filing was understated by five days. The data file received from the Company included adjustments and adjusted dates that overstate the average number of days to pay claims. Therefore, it was not possible to determine the average number of days to pay claims on a claims-basis.

Corrective Actions: The Company should calculate the average number of days taken to pay claims by market segment and should include all claims paid in the report year, irrespective of the date received. The average number of days taken to pay claims is required to be recalculated yearly.

The Company should calculate the average number of days taken to pay claims per claim and not on a claim line level. Also, adjusted claims should be included in the calculation using the original payment date and not the date an adjustment was made.

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:

John B. Humphries, ASA, MAAA, CFE, CISA, AES, MCM – Managing Partner, AGI Services
Joanna J. Latham, CFE, CPA, CISA, AES – Senior Examiner, AGI Services
Kristina Gaddis, CFE – Senior Examiner, AGI Services
Trina W. Barton - Examiner, AGI Services