

**FLORIDA DEPARTMENT  
OF  
INSURANCE**

**TARGET MARKET CONDUCT REPORT**

OF

MAYO HEALTH PLAN

AS OF

**JULY 1, 2000**

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

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**I. OVERVIEW AND SUMMARY OF FINDINGS**

**General**

Mayo Health Plan, 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 Company is ceasing operation. The Department was notified on March 21, 2001, of their plan to withdraw. The Company will continue to operate until December 2002.

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 Jacksonville, Florida, from October 17, 2000, to October 26, 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 April 1, 2000, to July 1, 2000.

**Findings**

The examination identified multiple violations of statutes relating to claims processing. The violations included: failure to accurately and timely pay interest; failure to adopt and implement standards for the proper investigation of claims; and failure to conduct reasonable investigations before denying claims. In numerous instances, the Company failed to comply with Sections 627.4235, 641.31(7), 641.3155, 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99.

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Moreover, the examination found violations relating to the improper denial of private passenger automobile accident health insurance (PIP) claims. These actions violate Sections 627.4235, 641.31(7), 641.3155(1), 641.3901 and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99.

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The examination also found violations related to the improper denial of Workers' Compensation (WC) claims. These denials violate Sections 641.3155(1), 641.3901 and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99.

## 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 twenty three thousand dollars (\$23,000), plus appropriate Administrative Legal costs, will also be levied in response to the violations of law determined during this examination. Note: violations, fines and corrective actions of Sections 641.3155(2) and (4), Florida Statutes for failure to timely pay claims are addressed in the 2002 investigation of the prompt payment of claims that followed this examination. In response to these findings, and in addition to the aforementioned administrative fines, the Company should take the following corrective actions:

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### CLAIMS

- Calculate and process interest payments pursuant to Section 641.3155(3), Florida Statutes, Ed. 01.

### PROCEDURE MANUALS

Amend the relevant manual(s):

- To ensure that automobile accident health insurance claims (PIP) are processed pursuant to Sections 627.4235, 641.31(7), 641.3155(2), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 01.
- 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 ensure that interest payment are processed pursuant to Section 641.3155(3), Florida Statutes, Ed. 01.

## II. CLAIMS REVIEW

### Overview

The Company processes claims directly.

### Operating Systems

#### A. **Mayo Health Plan, 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. 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. The Company failed to pay interest on each of these claims.

From the Company's in-house aging report, ten (10) claims were examined from the 91-120 day category. See Exhibit I for details. All four (4) claims from the 121 days and over category were examined. See Exhibit II for details. The findings are summarized below:

1. Three (3) claims from the 91 – 120 days category were not paid, denied or contested within thirty-five (35) days of receipt. No documentation was provided to justify these delays.
2. Two (2) claims from the 121 days and over category were not paid or denied within 120 days.

### **III. PROCEDURE MANUALS REVIEW**

Policy and procedure manuals relating to the processing of claims were examined. The findings are:

#### 1. Coordination of Benefits

It is the practice of Mayo to ultimately deny Personal Injury Protection (PIP) claims that are submitted without the attendant PIP worksheet typically prepared by the PIP carrier. If a PIP claim is submitted without the worksheet, Mayo denies the claim with a request for the Explanation of Benefits (EOB) from the PIP carrier. The denial of these claims violates Sections 627.4235, 641.31(7), 641.3155(1), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99. See Exhibit III for details.

It is the practice of Mayo to ultimately deny Workers' Compensation claims that are submitted without further investigation. This is a violation of Sections 641.3155(1), 641.3901 and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99. See Exhibit III 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 IV for details.

The Company's current procedure is to pay interest allowed amounts only upon request by the billing provider. This procedure violates Section 641.3155(2), Florida Statutes, Ed. 99. See Exhibit IV for details.

#### IV. FINDINGS/CORRECTIVE ACTIONS

##### CLAIMS

###### Mayo Health Plan

The claim 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 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 Section 641.3155(3), 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 ultimately deny Personal Injury Protection (PIP) claims received without the automobile carrier's PIP worksheets. This practice violates Sections 627.4235, 641.31(7), 641.3155(1), 641.3901, and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99.

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 641.3155(1), 641.3901 and 641.3903(5)(c) 1 and 4, Florida Statutes, Ed. 99.

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 627.4235, 641.31(7), 641.3155, 641.3901, 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.

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**2000 TARGET CLAIMS AND PROCEDURES EXAMINATION**  
**OF**  
**MAYO HEALTH PLAN, INC.**

**EXHIBITS**

<u>SUBJECT</u>	<u>EXHIBIT NUMBER</u>
Mayo Claims Violations	I
Mayo In-house Aging Claims Report	II
Coordination of Benefits	III
Interest Calculation	IV