State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor
Theodore K. Nickel, Commissioner

Wisconsin.gov

125 South Webster • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 266-3585 • Fax: (608) 266-9935
E-Mail: ocicomplaints@wisconsin.gov
Web Address: oci.wi.gov

Notice of Adoption and Filing of Examination Report

Take notice that the proposed report of the market conduct examination of the

DEAN HEALTH PLAN INC
1277 DEMING WAY
MADISON WI 53717

dated September 24, 2014, and served upon the company on September 30, 2014, has been adopted as the final report, and has been placed on file as an official public record of this Office.

Dated at Madison, Wisconsin, this 14th day of April, 2016.

Theodore K Nickel
Commissioner of Insurance

STATE OF WISCONSIN
OFFICE OF THE COMMISSIONER OF INSURANCE

MARKET CONDUCT EXAMINATION

OF

DEAN HEALTH PLAN, INC.
MADISON, WISCONSIN

SEPTEMBER 8-24, 2014

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Bureau of Market Regulation
125 South Webster Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
(608) 266-3585 • (800) 236-8517
Fax: (608) 264-8115
E-Mail: ocicomplaints@wisconsin.gov
Web Address: oci.wi.gov

September 30, 2014

Honorable Theodore K. Nickel
Commissioner of Insurance
Madison, WI 53702

Commissioner:

Pursuant to your instructions and authorization, a targeted market conduct examination was conducted September 8 to September 24, 2014, of:

DEAN HEALTH PLAN, INC.
Madison, Wisconsin

and the following report of the examination is respectfully submitted.

I. INTRODUCTION

Dean Health Plan, Inc. (DHP or the company) is a Wisconsin domestic for-profit group model health maintenance organization (HMO) insurer. An HMO insurer is defined by s. 609.01 (2), Wis. Stat., as a health care plan offered by an organization established under chs. 185, 611, 613, or 614, Wis. Stat., or issued a certificate of authority under ch. 618, Wis. Stat., that makes available to its enrolled participants, in consideration for predetermined fixed payments, comprehensive health care services performed by providers selected by the organization. Under the group model, the HMO contracts with a sponsoring clinic to provide primary and specialty services. DHP provides all primary and specialty services through a services agreement with Dean Health Systems, Inc. (DHS). Services that are not available through DHS are subcontracted to other clinics and physicians.

The company was incorporated in 1983 and commenced business in 1984. The company is owned by Dean Health Systems, Inc., and SSM Health Care, Inc. until September 2013, at which time SSM Health Care Corporation became the ultimate controlling parent

organization. SSM Health Care Corporation is a Catholic not-for-profit health system headquartered in St. Louis, Missouri.

The company is licensed to write only in Wisconsin. At the time of the examination, the company had 2 separate networks, the Dean Health Plan Network, which was offered in 20 counties in southern Wisconsin, and the Prevea 360 Network, which was offered in 11 counties in northeastern Wisconsin. The company offered health insurance in the individual, small group, large group, and Medicare markets. The company contracted with the State of Wisconsin, Department of Health Services, BadgerCare program, to provide coverage to Medicaid enrollees. It offered HMO, point of service (POS), preferred provider organization (PPO), Medicare select, and Medicare cost insurance plans.

In 2012 and 2013, the company ranked second for market share in the group accident and health insurance business and sixth for market share in the individual accident and health insurance business. It ranked fifth in 2012 and seventh in 2013 as a Medicare supplemental plan insurer.

The following tables summarize the premium written and benefits paid in Wisconsin for 2012 and 2013 by line of business. The tables also includes premium and loss ratio summaries.

2012				
Line of Business	**Net Premium Income**	**Percent of Total Premium**	**Net Losses Incurred**	**Medical Loss Ratio**
Comprehensive	$ 812,384,506	78%	$738,787,069	91%
Medicare Supplement	29,323,283	3	25,744,125	88
Dental Only	0		0	
FEHBP	50,491,208	5	51,623,156	102
All Other Health	149,383,680	14	132,797,686	89
Total	$1,041,582,677		$948,952,035	

2013				
Line of Business	Net Premium Income	Percent of Total Premium	Net Losses Incurred	Medical Loss Ratio
Comprehensive	$ 839,591,692	78%	$762,446,355	91%
Medicare Supplement	31,734,807	3	29,607,440	93
Dental Only	0		0	
FEHBP	47,089,792	4	50,386,050	107
All Other Health	157,446,872	15	140,641,975	89
Total	$1,075,863,163		$983,081,820	

The Office of the Commissioner of Insurance (OCI) received 146 complaints against the company between January 1, 2013, and March 31, 2014. A complaint is defined as "a written communication received by the commissioner's office that indicates dissatisfaction with an insurance company or agent." The following tables categorize the complaints received against the company by type of policy and complaint reason. There may be more than one type of coverage and/or reason for each complaint.

Complaints Received

2012						
Coverage Type	Total	Underwriting	Marketing and Sales	Claims	Policyholder Service	Other
Group A&H	43	1	0	37	3	1
Individual A&H	13	4	2	5	3	0
Medicare Supplement	10	0	0	9	1	0
Total	65	5	2	51	7	1

2013						
	Total	Underwriting	Marketing and Sales	Claims	Policyholder Service	Other
Group A&H	50	0	0	48	3	1
Individual A&H	18	1	1	13	3	0
Medicare Supplement	17	0	0	16	1	0
Total	85	1	1	77	7	1

Grievances

The company submitted the annual grievance summary reports to OCI for 2012 and 2013 as required by s. Ins 18.06, Wis. Adm. Code. A grievance is defined as "any dissatisfaction with the provision of services or claims practices of an insurer offering a health benefit plan or administration of a health benefit plan by the insurer that is expressed in writing to the insurer by, or on behalf of, an insured." The company reported 309 grievances in 2012 and 404 grievances in 2013.

The company's grievance report for 2012 indicated the company received 309 grievances, of which 186 or 60% were reversed. The majority of the grievances filed with the company in 2012 were related to benefit denial. The company's grievance report for 2013 indicated the company received 404 grievances, of which 215 or 53% were reversed. The majority of the grievances filed with the company in 2013 were also related to benefit denial.

The grievance reports for both 2012 and 2013 indicated that a high percentage of grievances pertained to prior authorizations and plan administration.

The following tables summarize the grievances for the company for the last two years:

Health Maintenance Organization - HMO		
	2013	**2012**
Prior Authorization	78	70
Drug & Drug Formulary	38	28
Experimental Treatment	3	3
Not Covered Benefit	44	37
Not Medically Necessary	58	21
Plan Administration	92	68
Request For Referral	49	40
Total Grievances Received	362	267

Medicare Supplement - MSP		
	2013	2012
Prior Authorization	15	5
Experimental Treatment	1	0
Not Covered Benefit	9	10
Not Medically Necessary	4	7
Plan Administration	4	13
Request For Referral	9	7
Total Grievances Received	42	42

Independent Review

Independent review organizations (IROs) certified to do reviews in Wisconsin are required to submit to OCI annual reports for the prior calendar year's experience indicating the name of the insurance company and whether action on the claims was upheld or reversed. Issues eligible for independent review included adverse and experimental treatment determinations. The IRO reports indicated that for 2012 the company had two IRO requests and for 2013 the company had four IRO requests.

The following tables summarize the IRO review requests for the company for the period of review:

2012											
Total Review Requests Received	Adv. Med. Review	IPRO	Maximus -CHDR	MCMC	Med. Cons. Network	Medical Review Inst. Of America	National Medical Reviews	Permedion	Prest	Upheld	Reversed
2	0	0	1	0	0	0	0	0	1	1	1
2013											
4	0	0	0	0	0	4	0	0	0	4	0

II. PURPOSE AND SCOPE

A targeted examination was conducted to determine whether the company's practices and procedures comply with the Wisconsin insurance statutes and codes. The examination focused on the period from January 1, 2013, through March 31, 2014. In addition, the examination included a review of any subsequent events deemed important by the examiner-in-charge during the examination.

The examination included a review of the company's practices in the areas of claims; company operations and management; grievance and IROs; marketing, sales and advertising; policyholder service and complaints; producer licensing; rates and policy forms; small employer; and Medicare supplement business.

The report is prepared on an exception basis and comments on those areas of the company's operations where adverse findings were noted.

III. PRIOR EXAMINATION RECOMMENDATIONS

The previous market conduct examination of the company, as adopted in 2010, contained 18 recommendations. Following are the recommendations and the examiners' findings regarding the company's compliance with each recommendation.

Underwriting and Rating

1. It is recommended that the company revise its Medicare supplement outline of coverage termination language to reflect the company procedures.

   Action: Compliance

2. It is recommended that the company require that all applications and supplemental forms for Medicare supplement policies be signed by the agent to ensure compliance with s. Ins 3.39 (23) (a), (b), and (c), Wis. Adm. Code.

   Action: Compliance

Small Employer

3. It is recommended that the company revise its written notification to small employers when policies are issued to ensure compliance with s. Ins 8.44 (2), Wis. Adm. Code.

   Action: Compliance

4. It is recommended that the company update and refile its Employer Group Application to ensure compliance with s. 632.885, Wis. Stat.

   Action: Compliance

Producer Licensing

5. It is recommended that the company develop a process to annually reconcile its agent database with OCI listing and termination confirmation notices to document compliance with s. Ins 6.57, Wis. Adm. Code.

   Action: Compliance

6. It is recommended that the company develop and implement a supervisory and oversight process by incorporating language in its agent/agency contracts to notify the company of termination to ensure compliance with s. Ins 6.57 (2), Wis. Adm. Code.

   Action: Compliance

7. It is again recommended that the company maintain documentation in its agency files that agents whose listing are terminated receive written notice of termination

including a request for return of all indicia of agency as required by s. Ins 6.57 (2), Wis. Adm. Code.

Action: Compliance

Marketing, Sales and Advertising

8. It is recommended that the company provide all advertisements with a form number as required by s. Ins 3.27 (26), Wis. Adm. Code.

   Action: Compliance

Policy Forms

9. It is again recommended that the company ensure that it maintains documentation that all forms are filed with and approved by the OCI prior to use, in order to comply with s. 631.20 (1), Wis. Stat

   Action: Compliance

10. It is recommended that the company develop and follow its process to ensure that when submitting policy forms to OCI pursuant to s. 631.20, Wis. Stat., it include correct product identification and coding of all policy forms.

    Action: Compliance

11. It is recommended that within 30 days of the adoption of this report, the company amend and refile with OCI the policy forms that are identified in this report as not being in complete compliance with Wisconsin insurance laws and/or administrative rules, certifying, as required by s. 631.20 (1m) (a) 3., Wis. Stat., that the forms have been brought into compliance.

    Action: Compliance

Policyholder Service and Complaints

12. It is recommended that the company ensure that it follows its written procedures for handling a complaint.

    Action: Compliance

Grievance and IRO

13. It is recommended that the company revise its member complaint and appeal procedure, its customer service complaints and grievance tool and its explanation of benefits forms to remove the 180 day time limit to file a grievance to be in compliance with s. Ins 18.03 (1), Wis. Adm. Code.

    Action: Compliance

14. It is recommended that the company create a process to ensure that it only file grievances involving health benefit plans in its annual grievance report to ensure compliance with s. Ins 18.06 (2), Wis. Adm. Code.

    Action: Compliance

15. It is recommended that the company follow its procedures and send acknowledgement letters to a grievant within 5 business days of receipt to ensure compliance with s. Ins 18.03 (4), Wis. Adm. Code.

    Action: Compliance

16. It is recommended that the company conduct an audit to ensure that it has refunded the $25 IRO fees paid by its enrollees after July 1, 2009, and report the results of its audit to the OCI within 60 days of the adoption of the examination report to document compliance with s. 632.835 (3), Wis. Stat.

    Action: Compliance

17. It is recommended that the company revise its member complaint and appeal procedure form RR2500 and remove the language regarding the IRO fee in order to document compliance with s. 632.835 (3), Wis. Stat.

    Action: Compliance

18. It is recommended that the company include as part of its compliance program a compliance plan for reviewing its policy form filing process and agent appointment process.

    Action: Compliance

IV. CURRENT EXAMINATION FINDINGS

Claims

The examiners reviewed the company's claims administration processes and procedures, explanation of benefit (EOB) and remittance advice (RA) forms, claim adjustment (ANSI) codes, and claim methodology. The examiners also interviewed company complaint staff. The examiners reviewed a sample of 565 claims with a preventive CPT code for 10 different types of preventive services that had cost sharing associated with them. The company stated it implemented a manual audit review process for all preventive claims that had cost sharing applied to ensure the claim was processed according to policy provisions, which define when cost sharing should not be applied. The examiners found that the company had incorrectly applied cost sharing to 3 out of the 565 claims reviewed. The incorrect payments were on the preventive audit report, but were missed by staff assigned to review the preventive report. The company reprocessed the claims identified.

1. **Recommendation:** It is recommended that the company implement an additional step in the audit process of the preventive claims review to ensure that preventive claims are paid correctly per the provisions of its insurance policies.

The examiners also reviewed a random sample of 50 paid and 50 denied claims to document that the claims were paid timely, in accordance with policy provisions and in accordance with Wisconsin mandated benefits and insurance law. The examiners identified 3 claims in the paid sample that appeared to have been in excess of the 30 days required by Wisconsin insurance law. The examiners verified that each of the claims involved a contracted provider and that each claim had been paid based on contracted timelines or rates. No exceptions were noted regarding this review.

Grievances and Independent Review

The examiners reviewed the company's response to OCI's grievance and independent review interrogatory; grievance procedures; complaints and grievance language in its certificates of coverage and policy forms and on its explanation of benefits forms; the annual grievance experience reports for 2011, 2012, and 2013; and its procedures for handling independent review requests from Wisconsin insureds. The examiners also interviewed the company's manager of customer relations.

The examiners found that the company's member complaint and grievance/appeal procedure did not include a definition of grievance that meets the definition in s. Ins 18.01 (4), Wis. Adm. Code.

2. **Recommendation:** It is recommended that the company include a definition of grievance in its written grievance and IRO procedures to ensure that any dissatisfaction with the insurer that is expressed in writing by or on behalf of an insured is resolved through its grievance procedure in order to comply with s. Ins 18.01 (4), Wis. Adm. Code.

The examiners found during the interview with the manager of customer relations that not all e-mail correspondence from members that expressed dissatisfaction was reviewed through the company's grievance process. Section Ins 18.01 (4), Wis. Adm. Code, states that a grievance means any dissatisfaction with an insurer offering a health benefit plan or administration of a health benefit plan that is expressed in writing by or on behalf of an insured.

3. **Recommendation:** It is recommended that the company revise its written grievance procedures to ensure that all written expressions of dissatisfaction by or on behalf of a member be considered a grievance in order to comply with s. Ins 18.01 (4), Wis. Adm. Code.

The examiners reviewed a random sample of 50 grievance files. The examiners found 50 files included grievance acknowledgement letters that listed the date of the grievance committee meeting and invited the member to attend or participate in the meeting but did not list the location of the grievance committee meeting. Section Ins 18.03 (3) (b), Wis. Adm. Code,

states that the grievance procedures shall include a written notification to the insured of the time and place of the grievance meeting at least seven days before the meeting.

4. **Recommendation:** It is recommended that the company revise its grievance acknowledgement letter to include the location of the grievance committee meeting in order to comply with s. Ins 18.03 (3) (b), Wis. Adm. Code.

Marketing, Sales and Advertising

The examiners reviewed the company's response to OCI's marketing, sales and advertising interrogatory, and the company's advertising files. The examiners also interviewed the company's sales and retention management.

The examiners verified that the company had filed its Medicare select advertisements as required by s. Ins 3.39 (15), Wis. Adm. Code. The company indicated that it did not produce or distribute any advertisements on the Internet for the Medicare select product.

The company maintained an advertising file in which it retained hard copies of all advertising or member communication pieces organized by year. The examiners reviewed the advertisements in the company's advertising file for compliance with s. Ins 3.27, Wis. Adm. Code. No exceptions were noted.

The examiners reviewed social media network Web sites such as Facebook, LinkedIn, Twitter, and YouTube for company information and advertisements. The examiners found the main social media avenue used by the company was Facebook, with LinkedIn and Twitter used also on a limited basis, as tools to promote products, distribute newsletters and other literature, and provide information about policy changes such as those due to the Affordable Care Act. The company maintained a record of all content released by means of social media in its advertising file.

Policy Forms

The examiners reviewed the company's response to OCI's policy forms interrogatory, corporate compliance policy form and advertisement filing process, the company's process for tracking changes to federal and state laws, and policy forms marketed and/or in force during the period of review. The company's legal and compliance services department were responsible for filing policy forms with OCI.

Section 631.20, Wis. Stat., was amended effective July 1, 2008, to allow most policy forms to be submitted to OCI on a file-and-use basis rather than prior-approval basis. Section Ins 6.05, Wis. Adm. Code, requires that companies submit a certificate of compliance with policy form submissions certifying that the forms filed with OCI comply with applicable provisions of the Wisconsin Statutes and with all applicable administrative rules of the Commissioner of Insurance.

The examiners compared the policy form listing provided by the company with OCI's approved policy forms database as well as the filing information provided in the System for Electronic Rate and Form Filing (SERFF) database. The examiners found that the company had filed all forms with OCI. The examiners also found that the company correctly coded its policy forms that were submitted in the SERFF database.

The examiners reviewed 12 schedules of benefits, a comprehensive individual policy, and a comprehensive group master policy and certificate of coverage, including reviewing language involving preventive services and cost sharing, Wisconsin mandated benefits, and verified that the forms did not include annual or lifetime dollar limits.

No exceptions were noted.

Policyholder Service and Complaints

The examiners reviewed the company's response to OCI's policyholder service and complaints interrogatory, the company's complaint handling policies and procedures, complaint log, and OCI complaints.

The examiners reviewed a random sample of 50 complaints from the company's log of complaints received between January 1, 2013, and March 31, 2014, including documenting compliance with company procedures. The examiners identified a July 13, 2013, complaint involving quality of care that was not reviewed within the company's internal timeline for tracking quality of service and access complaints. The company indicated that in the fourth quarter of 2013 it had created an automated daily inventory report of open cases to assist with workflow and meeting deadlines. As the examiners found only one instance where the company did not comply with its timelines and the company instituted an automated tracking process, this examination report does not include a recommendation regarding this finding.

Producer Licensing

The examiners reviewed the company's response to OCI's producer licensing interrogatory, agency agreements, and agent listing and termination procedures.

The examiners requested from the company a listing of all Wisconsin agents that represented the company as of the end of the examination period. The examiners compared the company's active agent data with OCI's database. No exceptions were noted in reference to the data match.

The examiners reviewed a random sample of 25 appointed agent files and 25 terminated agent files to document that agents were appointed timely with OCI, that the company followed its internal procedures for agent appointments and terminations, and that its termination process and letters complied with Wisconsin insurance law.

No exceptions were noted.

Medicare Supplement New Business and Underwriting

The examiners reviewed the company's response to OCI's Medicare supplement new business and underwriting interrogatory, application/enrollment processes and procedures and its Dean Select process and procedures on enrollment, eligibility, and benefits.

The examiners reviewed a random sample of 49 Medicare select new business issued files. No exceptions were noted.

Small Employer

The examiners reviewed the company's response to OCI's small employer interrogatory, application process, and enrollment and waiver forms. The examiners also interviewed the director of actuarial services.

The examiners verified that the company provided the appropriate rating and renewability notice and small employer notice to new small employer groups.

The examiners reviewed a random sample of 18 small employer group issued files. No exceptions were noted.

The company was asked to describe the actuarial department's transition to ACA-compliance, including changes to systems, changes to processes and procedures, and any educational materials provided to staff members. The examiners found that the company's actuarial department's activities and planning was satisfactory.

Company Operations and Management

The examiners reviewed the company's response to OCI's company operations and management interrogatory, internal policies and procedures, and minutes of the board of directors' meetings. The examiners also interviewed the company's corporate compliance officer.

The examiners reviewed the company's board of directors' meeting minutes and documented that the compliance officer reported directly to the board and to the chief executive officer.

The examiners reviewed the company's compliance plan and found it to be well documented and complete. The company's compliance plan provided that the board of directors is ultimately responsible for overseeing the compliance plan and the work of the compliance officer.

No exceptions were noted involving the company operations and management review.

V. CONCLUSION

The examiners found that the company had complied with the 18 recommendations from the previous examination. The examination resulted in 4 new recommendations in the areas of claims, and grievances and independent review.

VI. SUMMARY OF RECOMMENDATIONS

Claims

Page 10 1. It is recommended that the company implement an additional step in the audit process of the preventive claims review to ensure that preventive claims are paid correctly per the provisions of its insurance policies.

Grievances and Independent Review

Page 11 2. It is recommended that the company include a definition of grievance in its written grievance and IRO procedures to ensure that any dissatisfaction with the insurer that is expressed in writing by or on behalf of an insured is resolved through its grievance procedure in order to comply with s. Ins 18.01 (4), Wis. Adm. Code.

Page 11 3. It is recommended that the company revise its written grievance procedures to ensure that all written expressions of dissatisfaction by or on behalf of a member be considered a grievance in order to comply with s. Ins 18.01 (4), Wis. Adm. Code.

Page 12 4. It is recommended that the company revise its grievance acknowledgement letter to include the location of the grievance committee meeting in order to comply with s. Ins 18.03 (3) (b), Wis. Adm. Code.

VII. ACKNOWLEDGEMENT

The courtesy and cooperation extended to the examiners during the course of the examination by the officers and employees of the company is acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination.

Name	Title
Barbara Belling	Insurance Examiner-Advanced
William Strelow	Insurance Examiner
Moua Yang	Insurance Examiner
Kevin Zwart	Insurance Examiner

Respectfully submitted,

Jody Ullman
Examiner-in-Charge