Dean
HEALTH PLAN
1277 Deming Way | Madison, Wisconsin 53717

April 22, 2011

VIA EMAIL AND U.S. MAIL

Susan Ezalarab, CIE, CPCU, FLMI, MCM
Director, Bureau of Market Regulation
Wisconsin Office of Commissioner of Insurance
125 S. Webster, 2nd floor
Madison, WI 53703

Re: Market Conduct Examination Response
May 10, 2010 – May 26, 2010

Dear Ms. Ezalarab:

Thank you for the opportunity to provide your office with Dean Health Plan's response to the above-referenced Market Conduct Examination report. Please include this response on the OCI website as a separate document to the final report.

Generally speaking, many of the OCI recommendations relate to document control and policy and procedure development. Dean Health Plan (Dean) is committed to correcting all matters identified in the examination report and has rectified most of the recommendations as of the date of this report. We do not wish to formally contest the recommendations. Following is a detailed response summarizing how Dean has complied with or is working toward compliance with each of the recommendations outlined in the proposed examination report.

RESPONSES:

Underwriting and Rating

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

Dean revised its Medicare supplement outline of coverage to reflect the company's process of requiring members to submit a written or verbal notification to terminate coverage at the

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end of the month. The new outline of coverage (Form 3025-0411) was filed on April 14, 2011 and will replace Form 3025-0509.

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.

Dean's Medicare supplement agents will sign an application/supplemental form if they record answers on a Medicare supplement applicant's application. Until this recommendation by OCI, Dean believed its agents were exempt from this requirement because the agents are internal agents whose commissions are pooled.

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.

The Solicitation Disclosure notification for employers with 2-50 eligible employees was updated to comply with the applicable insurance regulations, which Dean understands is s. Ins 8.48, Wis. Adm. Code.

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

The Employer Group Application was refiled September 10, 2010 to comply with s. 632.885, Wis. Stat.

Producer Licensing

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

Dean has appropriate procedures in place for maintaining accurate and current agent data to comply with s. Ins. 6.57, Wis. Adm. Code, and will expand its procedure to include a comparison of all of the data fields in the OCI database against all of the data fields in the Dean Agent database. In addition, on a quarterly basis Dean will audit the agent's full file

to ensure all notifications received via hard copy are maintained in compliance with s. Ins. 6.57, Wis. Adm. Code.

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.

Dean incorporated a supervisory and oversight process into the agent/agency contract effective on January 1, 2011 to comply with s. Ins. 6.57(2) Wis. Adm. Code.

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.

Dean has appropriate procedures in place for maintaining accurate and current agent data to comply with s. Ins. 6.57, Wis. Adm. Code, and will expand its procedure to conduct an audit of the agent's full file to ensure all notifications received via hard copy to terminate agents are maintained in compliance with s. Ins. 6.57, Wis. Adm. Code.

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.

Following OCI's on-site examination, Dean provided OCI its process and procedure to ensure all advertisements are assigned a form number as required by Ins. 3.27(26), Wis. Adm. Code.

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.

Dean has implemented a solution to maintain 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.

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10. It is recommended that the company develop, document, and implement a process, including written procedures, 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.

Dean has developed a process and procedure to ensure that when submitting policy forms to OCI pursuant to s. 631.20, Wis. Stat., the filing includes correct product identification and coding of all policy forms.

11. It is recommended that within 30 days of the adoption of this report, the company amend and refile with OCI all 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.

OCI provided Dean with a list of ten policy forms that included non-compliant IRO filing fee language. Five of these forms are no longer in use because they were replaced with subsequent, compliant versions through Dean's usual renewal process.

Of the remaining five policy forms, only four of the forms inadvertently contained language indicating that the $25 IRO collection filing fee would be refunded. This language is an unintentional clerical error not discovered by Dean in its proofreading process prior to filing with OCI. Dean refiled these four corrected policy forms on 9/1/10 (for an effective date of 10/1/10). These four filed forms are effective for groups on an annual renewal basis.

By 10/1/11, all groups will have completed the annual renewal process and all members will be covered by the corrected forms. All Dean policy forms (including these four) will comply with this recommendation.

Meanwhile, if a member were to inquire with Dean about this language, the member would be told to disregard it. The clerical error would not materially impact the member.

In light of these circumstances, Dean questions the requirement to refile these four forms.

Policyholder Service and Complaints

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

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Dean will review and update its written policies and procedures for handling a complaint. Dean will also conduct necessary audits to ensure 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 the 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.

Dean ceased enforcing the 180 day time limit effective June 28, 2010 to comply with s. Ins. 18.03 (1), Wis. Adm. Code. Related documents and policy forms have been changed accordingly.

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.

Dean's policy and procedure has always been to provide OCI with accurate grievance data on an annual basis. Dean continues to supply OCI with accurate data, but will no longer include the additional Medicaid data that was being reported to comply with s. Ins. 18.06 (2), Wis. Adm. Code..

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.

The process was corrected in 2008 and all documentation submitted to OCI thereafter complies with s. Ins. 18.03 (4), Wis. Adm. Code.

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.

Following the conclusion of the on-site examination, Dean conducted an audit of the $25.00 IRO fees collected after July 1, 2009 and provided a copy of the audit results to OCI on February 24, 2011. Fees collected, if any, were promptly refunded and the language was removed. No further findings were noted.

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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.

See response to No. 16.

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.

Dean continues to include and improve processes and policies to achieve compliance in all areas of the company to adhere to its compliance plan.

In conclusion, Dean strives to adhere to ongoing regulatory changes and remains committed to full compliance.

Sincerely,

Dean Health Plan, Inc.

Christine C. Senty

Christine C. Senty, J.D.
Corporate Compliance Officer