



**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

In re:)
Community Health Plan Insurance Co. (NAIC #95145)) Examination No. 0903-05-TGT

CURATIVE ORDER OF THE DIRECTOR

NOW, on this 30th day of August, 2010, Director John M. Huff, after consideration and review of the market conduct examination report of Community Health Plan Insurance Co. (NAIC #95145), report number 0903-05-TGT, prepared and submitted by the Division of Insurance Market Regulation pursuant to §374.205.3(3)(a), RSMo, does hereby adopt such report as filed. After consideration and review of such report, relevant workpapers, and any written submissions or rebuttals, the findings and conclusions of such report are deemed to be the Director's findings and conclusions accompanying this order pursuant to §374.205.3(4), RSMo.

This order, issued pursuant to §374.205.3, RSMo and §374.046.15, RSMo (Cum. Supp. 2009), is in the public interest.

IT IS THEREFORE ORDERED that the Company shall CURE the violations of law and regulations revealed in such report and shall take remedial action to bring the Company into compliance with the statutes and regulations of the State of Missouri and to maintain those corrective actions at all times, including, but not limited to, taking the following actions:

1. The Company shall corrective action to assure that the errors noted in the above-referenced market conduct examination reports do not recur.

2. The Company agrees to review all denied claims dated January 1, 2006, to the date a final Order is entered closing this examination, to assure that the claim was properly adjudicated, in accordance with §376.1218, RSMo. If the claim was not properly adjudicated, the Company agrees to reopen and reprocess the claim. If the claim should have been paid, the Company will issue any payments that are due to the claimant, bearing in mind that an additional payment of one per cent (1%) interest per month is also required, per §376.384, RSMo, for any delayed payments from the date the claim was first received with a letter stating that the payments are being made "as a result of a Missouri Market Conduct examination." Additionally, evidence should be provided to the Department within 90 days of the date a final Order is entered closing this examination that such notice has been sent to the claimants.

3. Documentation of all remedial actions taken by the Company to implement compliance with the terms of this Order and to assure that the errors noted in the examination report do not recur, including explaining the steps taken and the results of such actions, shall be filed with the Director within 30 days of the entry of this Order.

So Adopted, Found, Concluded and Ordered.

8.30.10

Date



John M. Huff
Director

STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND
PROFESSIONAL REGISTRATION



FINAL MARKET CONDUCT EXAMINATION REPORT
Of the Life and Health Business of

Community Health Plan Insurance Company
NAIC # 95145

MISSOURI EXAMINATION # 0903-05-TGT

NAIC EXAM TRACKING SYSTEM # MO268-M122

August 19, 2010

Home Office
137 North Belt Highway
St Joseph, MO 64506

TABLE OF CONTENTS

FOREWORD.....3

SCOPE OF EXAMINATION.....4

COMPANY PROFILE 5

EXECUTIVE SUMMARY6

EXAMINATION FINDINGS7

I. UNDERWRITING AND RATING PRACTICES7

 A. Forms and Filings.....7

II. CLAIMS PRACTICES8

 A. Unfair Settlement and General Handling Practices8

III. CRITICISMS AND FORMAL REQUESTS TIME STUDY.....10

 A. Criticism Time Study.....10

 B. Formal Request Time Study10

EXAM REPORT SUBMISSION.....11

VERIFICATION OF WRITTEN REPORT OF EXAMINATION

FOREWORD

This is a targeted market conduct examination report of Community Health Plan (NAIC Code # 95145). This examination was conducted at the offices of the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP).

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures, products or files does not constitute approval thereof by the DIFP. During this examination, the examiners cited errors made by the Company. Statutory citations were as of the examination period unless otherwise noted.

When used in this report:

- “Company” refers to Community Health Plan;
- “CSR” refers to the Missouri Code of State Regulation;
- “DIFP” refers to the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- “Director” refers to the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- “First Steps” refers to Missouri’s early intervention system as eligible for services under Part C of the Individuals with Disabilities Education Act, 20 U.S.C. Section 1431, et seq and §376.1218 RSMo;
- “DESE” refers to the Missouri Department of Elementary and Secondary Education;
- “NAIC” refers to the National Association of Insurance Commissioners;
and
- “RSMo” refers to the Revised Statutes of Missouri. All citations are to RSMo 2000, unless otherwise specified.

SCOPE OF EXAMINATION

The DIFP has authority to conduct this examination pursuant to, but not limited to, §§374.110, 374.190, 374.205, 375.445, 375.938, 375.1009, RSMo.

The purpose of this examination was to determine if the Company complied with Missouri statutes and DIFP regulations pursuant to Missouri's First Steps program. The primary period covered by this review is January 1, 2006, through December 31, 2008, unless otherwise noted. Errors outside of this time period discovered during the course of the examination, however, may also be included in the report.

The examination was a targeted examination involving the following business functions and lines of business: Equitable claim payments for Early Childhood Intervention Services, "First Steps."

The examination was conducted in accordance with the standards in the NAIC's *Market Regulation Handbook*. As such, the examiners utilized the benchmark error rate guidelines from the *Market Regulation Handbook* when conducting reviews that applied a general business practice standard. The NAIC benchmark error rate for claims practices is seven percent (7%), for electronically submitted health claim is five percent (5%), and for other trade practices is ten percent (10%). Error rates exceeding these benchmarks are presumed to indicate a general business practice. The benchmark error rates were not utilized, however, for reviews not applying the general business practice standard.

In performing this examination, the examiners only reviewed a sample of the Company's practices, procedures, products and files related to First Steps claims. Therefore, some noncompliant practices, procedures, products and files may not have been discovered. As such, this report may not fully reflect all of the practices and procedures of the Company. As indicated previously, failure to identify or criticize improper or noncompliant business practices in this state or other jurisdictions does not constitute acceptance of such practices.

COMPANY PROFILE

Missouri admitted Community Health Plan (CHP) as a Health Maintenance Organization (HMO) on December 29, 1994. CHP covers residents of the following counties in Missouri who enroll through employer groups.

<u>County</u>	<u>Approval Date</u>	<u>County</u>	<u>Approval Date</u>
Andrew	12/29/1994	Atchison	12/29/1994
Buchanan	12/29/1994	Caldwell	12/29/1994
Carroll	12/29/1994	Cass	02/09/1999
Clay	12/29/1994	Clinton	12/29/1994
Daviess	12/29/1994	De Kalb	12/29/1994
Gentry	12/29/1994	Grundy	12/29/1994
Harrison	12/29/1994	Henry	02/09/1999
Holt	12/29/1994	Jackson	12/29/1994
Johnson	02/09/1999	Lafayette	12/29/1994
Livingston	12/29/1994	Mercer	12.29.1994
Nodaway	12/29/1994	Platte	12/29/1994
Putnam	11/01/2006	Ray	12/29/1994
Saline	06/27/1997	Sullivan	11/01/2006
Worth	12/29/1994		

The following information was obtained by the examiners from the Company's web site at:

http://www.heartland-health.com/body_mychnp.cfm?id=200

“In 1994, a group of northwest Missouri citizens gathered to discuss what was needed to maintain the quality of life and the strength of the region during the coming years. This group included legislators, health providers, business representatives and community residents. Although they looked at many areas, health care was an area that stood out as impacting the health status and economic vitality of the region. Their recommendation was to develop a locally owned health plan where employers, health care providers, and the insurance provider were in partnership to provide high-quality, cost-effective health benefits to northwest Missouri and northeast Kansas residents.”

EXECUTIVE SUMMARY

The DIFP conducted a series of targeted market conduct examinations of fourteen insurance companies providing First Steps benefits. For Community Health Plan, the examiners found the following principal areas of concern:

- The Company re-adjudicated two claims even though they were not submitted by the provider in a format required by §376.1218.5

The insurance coverage mandate for First Steps began as on January 1, 2006. This is the first examination targeting First Steps benefits and claim payments..

The Company is directed to take immediate corrective action to demonstrate its ability and intention to conduct business according to the Missouri insurance laws and regulations. When applicable, corrective action for other jurisdictions should be addressed.

This market conduct examination was performed as a desk audit at the DIFP offices:

HST State Office Building
301 W. High Street
Jefferson City, MO 65101

EXAMINATION FINDINGS

I. UNDERWRITING AND RATING PRACTICES

The examiners reviewed the Company's forms filed by or on behalf of the Company with the DIFP.

An error can include, but is not limited to, any miscalculation of the premium based on the information in the file, an improper acceptance or rejection of an application, the misapplication of the Company's underwriting guidelines, incomplete file information preventing the examiners from readily ascertaining the Company's rating and underwriting practices, and any other activity indicating a failure to comply with Missouri statutes and regulations.

A. Forms and Filings

The examiners reviewed the Company's policy and contract forms to determine its compliance with filing, approval, and content requirements to ensure that the contract language is not ambiguous or misleading and is adequate to protect those insured.

The examiners discovered no issues or concerns.

II. CLAIMS PRACTICES

This section of the report is designed to provide a review of the Company's claims handling practices. Examiners reviewed how the Company handled claims to determine the timeliness of handling, accuracy of payment, adherence to contract provisions, and compliance with Missouri statutes and regulations.

To minimize the duration of the examination, while still achieving an accurate evaluation of claim practices, the examiners reviewed a statistical sampling of the claims processed. The examiners requested a listing of claims paid and claims closed without payment during the examination period for the line of business under review. The review consisted of claims from First Steps providers with a date of closing from January 1, 2006, through December 31, 2008.

A. Unfair Settlement and General Handling Practices

Examiners reviewed the Company's claim handling processes to determine compliance with contract provisions, adherence to unfair claims statutes and regulations and compliance with First Steps statutes and regulations. Whenever a claim file reflected that the Company failed to meet these standards, the examiners cited the Company for noncompliance.

The examiners reviewed denied claims for adherence to Missouri's First Steps mandated benefits. For the following reviews, the examiners eliminated claims that were subsequently paid and those that did not involved the parameters specified. They reviewed records to determine that the Company's claims process is fair, reasonable, prompt and equitable according to the laws and regulations of Missouri.

The examiners asked for the computer processing specifications that control the requirements and payment levels for handling claims. The Company provided information and contracts related to claims clearinghouses and claim processing procedures.

Field Size:	459
Type of Sample:	Census
Number of Errors:	2
Percent of Errors:	0.004%
Within Dept. Guidelines:	Yes

The examiners noted the following issue during their review:

The Company originally denied claims 08203E041800 and 08354E38300, totaling \$90, due to incorrect correct coding methodologies. Although the denials were not based upon a medical or clinical decision, they were adjusted to allow the amount as 100% billed charges even though improper coding was submitted by the provider. The Company readjudicated these claims during the examination.

Reference: §§ 376.1218.5, RSMo.

III. CRITICISMS AND FORMAL REQUESTS TIME STUDY

This study is based upon the time required by the Company to provide the examiners with the requested material or to respond to criticisms. Missouri law requires companies to respond to criticisms and formal requests within 10 calendar days. Please note that in the event an extension was requested by the company and granted by the examiners, the response was deemed timely if it was received within the time frame granted by the examiners. If the response was not received within that time period, the response was not considered timely.

A. Criticism Time Study

<u>Calendar Days</u>	<u>Number of Criticisms</u>	<u>Percentage</u>
Received w/in time-limit, incl. any extensions	0	0%
Received outside time-limit, incl. any extensions	0	0 %
<u>No Response</u>	<u>0</u>	<u>0%</u>
Total	0	0 %

Reference: §374.205.2(2), RSMo, and 20 CSR 100-8.040

B. Formal Request Time Study

<u>Calendar Days</u>	<u>Number of Requests</u>	<u>Percentage</u>
Received w/in time-limit, incl. any extensions	7	100%
Received outside time-limit, incl. any extensions	0	0 %
<u>No Response</u>	<u>0</u>	<u>0%</u>
Total	7	100 %

Reference: §374.205.2(2), RSMo, and 20 CSR 100-8.040

EXAMINATION REPORT SUBMISSION

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of Community Health Plan Insurance Company (NAIC #95145), Examination Number 0903-05-TGT. This examination was conducted by John S. Korte, E. Jack Baldwin, John T. Clubb, Mike Woolbright, and David Pierce. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated May 27, 2010. Any changes from the text of the Market Conduct Examiner's Draft Report reflected in this Final Report were made by the Chief Market Conduct Examiner or with the Chief Market Conduct Examiner's approval. This Final Report has been reviewed and approved by the undersigned.

Jim Mealer
Chief Market Conduct Examiner

Date



August 12, 2010

Carolyn H. Kerr
Senior Counsel
Market Conduct Section
301 West High Street, Room 530
P.O. Box 690
Jefferson City, MO 65102-0690

RE: Missouri Market Conduct Examination #0903-05-TGT
Community Health Plan Insurance Company (NAIC #95145)

Dear Ms. Kerr:

Please accept this letter as acknowledging receipt of the Examination dated May 27, 2010.
We are in agreement with the examiner's findings included in this report.

Sincerely,

A handwritten signature in cursive script that reads 'Milisa Suckow'.

Milisa Suckow, RHIA CPHQ
Process Improvement Manager