

STATE OF MISSOURI



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

In re:)
)
HMO Missouri, Inc. (NAIC #95358)) Examination Nos. 0909-26-TGT
Healthy Alliance Life Insurance Co. (NAIC #78972)) 0909-27-TGT
)

ORDER OF THE DIRECTOR

NOW, on this 22nd day of FEBRUARY, 2013, Director John M. Huff, after consideration and review of the market conduct examination reports of HMO Missouri, Inc. (NAIC #95358) and Healthy Alliance Life Insurance Company (NAIC #78972) (hereafter referred to collectively as "Anthem"), report numbers 0909-26-TGT and 0909-27 -TGT, prepared and submitted by the Division of Insurance Market Regulation pursuant to §374.205.3(3) (a), RSMo, and the Stipulation of Settlement ("Stipulation") does hereby adopt such reports as filed. After consideration and review of the Stipulation, reports, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such reports 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(4) and 374.280, RSMo and §374.046.15. RSMo (Cum. Supp. 2012), is in the public interest.

IT IS THEREFORE ORDERED that Anthem and the Division of Insurance Market Regulation having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that Anthem shall not engage in any of the violations of law and

regulations set forth in the Stipulation and shall implement procedures to place the Company in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri and to maintain those corrective actions at all times.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 22nd day of FEBRUARY, 2013.

A handwritten signature in black ink, appearing to read "John M. Huff", is written over a horizontal line.

John M. Huff
Director



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

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

TO: Anthem Blue Cross and Blue Shield
1831 Chestnut Street
St. Louis, MO 63103

RE: HMO Missouri, Inc. (NAIC #95358)
Healthy Alliance Life Insurance Company (NAIC #78972)
Missouri Market Conduct Examinations #0909-26-TGT and 0909-27-TGT

STIPULATION OF SETTLEMENT

It is hereby stipulated and agreed by John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and HMO Missouri, Inc. (NAIC #95358), and Healthy Alliance Life Insurance Company (NAIC #78972) (hereafter referred to collectively as the "Anthem Companies"), as follows:

WHEREAS, John M. Huff is the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereafter referred to as "the Department"), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri; and

WHEREAS, the Anthem Companies have been granted certificates of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Department conducted Market Conduct Examinations numbered 0909-26-TGT and 0909-27-TGT of the Anthem Companies and prepared a report of the examinations; and

WHEREAS, the Department determined in its report of the Market Conduct Examinations that:

1. On numerous occasions the information supplied to the examiners by the Anthem Companies failed to comply with the Anthem Companies' obligation to maintain adequate records and produce records for an examination pursuant to §374.205.2(2) RSMo, and 20 CSR 100-8.040.

2. The "received" dates on the documents in the Anthem Companies' Ultera imaging system were in some cases earlier than the "received" dates in the Anthem Companies' Facets and WGS claims systems. For those Facets claims subject to §376.383, this could result in the Anthem Companies incorrectly calculating time frames for claim processing and interest pursuant to §376.383, RSMo.

3. There were discrepancies between the information supplied by the Anthem Companies in response to the initial data request for the examination and the information supplied to the examiners during the examination, including discrepancies in "claim payment" dates, "check dates", and "denial dates."

4. There were issues with regard to the Anthem Companies' compliance with the interest payment requirements of §376.383.5, RSMo Supp. 2009, and issues relating to the Anthem Companies documentation of interest payments made on claims that were not paid within 45 days after receipt.

WHEREAS, the Company does not admit any fault or wrongdoing with respect to the factual and legal issues and disputes that were the subject of the examination; and

WHEREAS, the Company and the Department desire to resolve and settle all such issues and disputes;

WHEREAS, the Anthem Companies hereby agree to take remedial action bringing them into compliance with the statutes and agree to maintain those corrective actions at all times including, but not limited to, taking the following actions:

1. The Anthem Companies agree to take corrective action to assure that the errors noted in the above-referenced market conduct examination report do not recur.

2. Going forward from August 17, 2012, the Anthem Companies agree to implement process and system changes to accurately reflect the received date in the Facets system, i.e., the date the claim is actually received and imaged, to insure compliance with the processing time frames and interest and penalty payment requirements of §376.383 RSMo Supp 2011.

3. The Anthem Companies agree to file documentation with the Director within 90 days of the entry of a final order closing these exams of all remedial actions taken by it to implement compliance with the terms of this Stipulation.

4. The Anthem Companies agree to provide complete and accurate information in response to all requests in future market conduct examinations.

WHEREAS, the Company is of the position that this Stipulation of Settlement is a compromise of

disputed factual and legal allegations, to resolve the disputes and avoid litigation; and

WHEREAS, the Anthem Companies, after being advised by legal counsel, do hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, which may have otherwise applied to the above referenced Market Conduct Examinations; and

WHEREAS, the Anthem Companies hereby agree to the imposition of the ORDER of the Director approving the terms of this Stipulation.

NOW, THEREFORE, in lieu of the institution by the Director of any action for the SUSPENSION or REVOCATION of the Certificate(s) of Authority of the Anthem Companies to transact the business of insurance in the State of Missouri or the imposition of other sanctions, the Anthem Companies do hereby voluntarily and knowingly waive all rights to any hearing and consent to the ORDER of the Director.

DATED: 1/24/13



President
HMO Missouri, Inc.

DATED: 1/24/13



President
Healthy Alliance Life Insurance Company



July 16, 2010

**CONFIDENTIAL - TRADE SECRET
NON-PUBLIC RECORD**

Carolyn H. Kerr
Senior Counsel, Market Conduct Section
Department of Insurance
Financial Institutions and Professional Registration
301 West High Street, Room 530
P.O. Box 690
Jefferson City, MO 65102-0690

**Re: Response to Report on Missouri Market Conduct Examination #0909-26-TGT and 0909-27-TGT
HMO Missouri d/b/a Anthem Blue Cross and Blue Shield (NAIC #95358) Healthy Alliance Life
Insurance Company (NAIC #78972)**

Dear Ms. Kerr:

This letter is in response to the report on Missouri Market Conduct Examination #0909-26-TGT and #0909-27-TG for HMO Missouri, Inc., d/b/a BlueChoice (company) and Healthy Alliance Life Insurance Company (company).

We would like to remind the Department that this exam includes "Blue Card host" claims data. As we have previously indicated in our July, 28, 2009, letter, we value our relationship with both the provider community and the Department and we are committed to make every effort to provide superior service levels that our members and providers expect. This commitment includes our willingness to provide the department certain data related to BlueCard Host claims, while maintaining our position that information related to Blue Card host claims is beyond the jurisdiction of the Missouri Department of Insurance. Therefore, we have included Missouri HOST claims within the response for the Data Call, subject to a reservation of our continuing right to assert any and all jurisdictional defenses concerning the Department's examination of these Blue Card Host claims.

Also, we do not believe that some of the cases on the report were based upon appropriate random statistical samplings. Therefore, we do not believe that any of these findings will constitute a business practice. As such, the Company believes that these files are an anomaly and, the Company respectfully requests that these findings be removed from the final report and not be referenced in the order.

Below are our responses to the errors and violations identified in the report.



1. Page 8, The ACL data chart for the Original FACETS claim data indicated that 33 claims failed to include an entry for the date received.

a. The Data Warehouse has been notified of this discrepancy and a remediation plan is in place to include the Received Date on the 33 claims.

2. Page 10: The examiners reviewed a sample of 100 original FACETS claim files and found initial claim submission forms in 39 claim files that contained dates stamped on the initially submitted claim that were different from the dates the Companies included in the original FACETS claim data.

a. The received dates documented in the file are based on when the claims were received in the Ultera imaging system. The dates from Ultera versus FACETS can vary due to time differences (Central, Eastern, etc) and if claims are received in the Ultera Imaging system during a weekend. In general, if a claim is received after normal business hours or on a weekend, the claim would not be entered into FACETS until the following business day. In some cases where over-time has been approved, the claims may be inputted into FACETS after regular business hours.

3. Page 11: The Companies advised the examiners that the Date Paid on the Reconciliation Summary screen was the actual Date of Payment. In most claims the data reviewed reflected that this date matched the date that the Check, was created. The Paid Date from the Reconciliation Summary is not the same as the Paid Date in 76 of the Original FACETS data provided at the beginning of the exam.

a. Disagree.

Clarification was requested from the Examiners in an attempt to better define the needed fields. Once clarification was received; additional fields were added to the original spread sheet so as not to alter any of the initial information that was provided. These new fields included the Payment Date, please see column BD from the original sample.

4. Page 13: d. The Companies' claim files often include the Check Created Date. This Date is often considered to be the Paid Date when the funds are transferred timely. The examiners noted that most corresponding transmittal dates were normally timely. However, the examiner's found eight Check Created Dates to be different from the Paid Date in the original FACETS data.

a. Disagree.

Clarification was requested from the Examiners in an attempt to better define the needed fields. Once clarification was received; additional fields were added to the original spread sheet so as not to alter any of the initial information that was provided. These new fields included the Payment Approval Date (column BD); please reference these fields for additional information.

5. Page 14: The examiners found that some claims were processed as denials. The Companies use the Paid Date as the processing date which includes denials. The Denial Dates in seven files were not the same as the Paid Dates from the original FACETS Data.

a. Disagree.

These were all denied claims and the Paid Dates from Facets defaulted to the submission date for the Provider Remittances.

6. Page 15: The examination team reviewed a sample of 100 claims using the FACETS runout data. The Companies were asked to provide the file documentation. The Companies were asked to provide documentation and proof of payment for interest payments and additional interest payments that were due



because the claim was paid more than 45 days after receipt. Two of the files provided contained duplicate information from another file.

- a. The two claims referenced in this paragraph were not identified in the report.

7. Page 15: The Companies added 26 interest payment amounts and 22 interest payment adjustments to the spreadsheet. The examiners did not find documentation of these 48 payments in their review of the file documents.

- a. Disagree.

The documentation on the 26 interest payments was included in the initial files submitted on March 30, 2010. See below for Claim Numbers and corresponding folders:

09030E434F01	\$0.12	Folder #2: Documentation included in initial files.
091800102300	\$7.58	Folder #7: Documentation included in initial files.
09078F49FE01	\$0.08	Folder #11: Documentation included in initial files.
09016F7AB501	\$0.46	Folder #12: Documentation included in initial files.
09103E1FAA01	\$0.45	Folder #13: Documentation included in initial files.
09135B2E5800	\$0.10	Folder #18: Documentation included in initial files.
09076I3F1401	\$835.58	Folder #33: Documentation included in initial files.
09034I389201	\$19.90	Folder #36: Documentation included in initial files.
09026F1C0801	\$0.22	Folder #37: Documentation included in initial files.
09106I1C8D01	\$439.56	Folder #46: Documentation included in initial files.
09021I2A2E01	\$0.09	Folder #52: Documentation included in initial files.
09008FB51500	\$0.09	Folder #53: Documentation included in initial files.
09091FE47101	\$0.06	Folder #56: Documentation included in initial files.
09035I122B01	\$7.83	Folder #57: Documentation included in initial files.
09077I042A01	\$0.28	Folder #59: Documentation included in initial files.
09056I139101	\$1.13	Folder #69: Documentation included in initial files.
09104I059601	\$0.01	Folder #70: Documentation included in initial files.
09062I222C01	\$174.60	Folder #71: Documentation included in initial files.
09040I0E5801	\$10.84	Folder #73: Documentation included in initial files.
09077EFB3900	\$0.23	Folder #84: Documentation included in initial files.
091420014500	\$1.04	Folder #85: Documentation included in initial files.
09085F774301	\$0.19	Folder #91: Documentation included in initial files.
09120FD00901	\$0.02	Folder #93: Documentation included in initial files.
091420012500	\$0.59	Folder #94: Documentation included in initial files.
09050F3E3C00	\$0.30	Folder #98: Documentation included in initial files.
2009124161841	\$0.39	Folder #100: Documentation included in initial files.

The detail on the 22 interest adjustments was included in the Excel file submitted on April 23, 2010, "MO Request M_Response Add' Info". This detail was based on an e-mail from Mike Gibbons on March 31, 2010, where he requested the following information:

"The worksheet you sent to me on 3/30/2010 included a column that contained Interest Adjustment Amount. Please send the date that each of these adjustments were paid. The date of approval, the date that the check was sent, the date recorded in the Reconciliation



Summary for the interest payment. Please include the calculation process for these payments."

See below for Claim Numbers and corresponding folders:

09099T617001 \$13.90

Folder #4: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered. Overpaid interest by \$58.91. Re-training has been completed.

09037TB04501 \$3.00

Folder #8: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered and 15 day rule was utilized for other interest payment. Overpaid interest by \$2.07. Re-training has been completed.

09083I54A301 \$16.42

Folder #9: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. Ultera rec'd date is 3/24/09 as well as the rec'd date of the claim. 00 level denied needing info from another provider; no paid date or check date. 01 level rec'd date and claim date same as above processed 5/28/09 check date was 6/1/09, but when adjusted manual date of 5/12/09 was used for the clean claim date. Additional prompt pay interest was paid of 16.42 for this claim. Retraining has been completed.

09061E69F101 \$0.48

Folder #10: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. Ultera rec'd date is 2/27/09 rec'd date on the claim is 3/2/09. 00 denied for non payment of premium; no paid date or check date. 01 level adjusted rec'd date and claim date was finalized 5/28/09 as member reinstated check date was 6/2/09, but when adjusted manual date of 3/25/09 was used for the clean claim date paying \$.25 interest. Additional prompt pay interest was paid of \$.48 for this claim. Retraining has been completed.

09085E65C801 \$0.17

Folder #31: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. Ultera rec'd date is 3/26/09 rec'd date on the claim is 3/26/09. 00 was finalized on 3/27/09 with 3/31/09 was date check was cut using 3/26/09 as the clean claim date. 01 was adjusted on 6/3/09 paying additional monies the check was cut 6/9/09 using 6/2/09 as clean claim date. Additional prompt pay interest was paid of \$.17 for this claim. Retraining has been completed.

09021I395301 \$7.31

Folder #34: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered. On additional interest, 6/16/09 was utilized in the calculation instead of 3/16/09, so interest was overpaid by \$6.47. This was a keying error on the manual calculation spreadsheet. Re-training has been completed. Logic: Ultera rec'd date is 1/20/09 rec'd date on the claim is 1/21/09. 00 was finalized applying all money towards deductible on 1/22/09 no check date. 01 adjusted finalized 3/12/09 with check date 3/16/09 using 3/2/09 as clean claim date additional \$7.31 was paid for prompt pay for this claim.

09014I15C201 \$19.57

Folder #35: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered. (Facets Local) Ultera rec'd date is 1/14/09 rec'd date on the claim is 1/14/09. 00 was finalized on 1/30/09 check date is 2/3/09. 01 adjusted for approved UM on 5/1/09 check date is 5/5/09 but the clean claim date used was 3/31/09 as clean claim date additional \$19.57 was paid for prompt pay interest for this claim.

Anthem Blue Cross and Blue Shield is the trade name of Anthem Managed Care, Inc. (RIT), Healthy Alliance Life Insurance Company (HALIC) and HMO Missouri, Inc. use in most of Missouri. RIT and certain affiliates administer non-HMO benefits underwritten by HALIC and HMO benefits underwritten by HMO Missouri, Inc. Life benefits are underwritten by Anthem Life Insurance Company. RIT and certain affiliates only provide administrative services for self-funded plans and do not underwrite benefits. RIT, HALIC, HMO Missouri, Inc. and HALIC are independent licensees of the Blue Cross and Blue Shield Association



09050ID82901 \$0.42

Folder #42: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered. (Facets Local) Ultera rec'd date is 2/18/09 rec'd date on the claim is 2/19/09. 00 was finalized on 2/20/09 check date is 2/24/09. 01 adjusted to pay all lines on 4/8/09 check date is 4/10/09 but the clean claim date used was 4/6/09 additional \$.42 was paid for prompt pay for this claim.

09058I312601 \$9.99

Folder #43: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered. (Facets Local) Ultera rec'd date is 2/27/09 rec'd date on the claim is 2/27/09. 00 was denied as no pre-cert obtained finalized 3/20/09. 01 adjusted on 4/18/09 check issue date was 4/21/09 using 4/15/09 as clean claim date. 02 was adjusted 5/28/09 with the check date of 6/1/09 using 5/27/09 as clean claim date. Additional prompt pay interest paid on this claim was \$9.99.

09012E533A01 \$0.07

Folder #44: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered. (Facets Local) Ultera rec'd date is 1/9/09 rec'd date on the claim is 1/10/09. 00 was denied as after group term date on 1/22/09. 01 adjusted on 2/21/09 with check issued 2/24/09 clean claim dated used was 2/9/09. Additional prompt pay interest paid on this claim was \$.07.

09008F074F01 \$1.48

Folder #47: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered. (Facets Local) Ultera rec'd date 1/7/09 rec'd date on the claim is 1/8/09. 00 was denied for needing the EOB information on 2/3/09. 01 was adjusted 3/7/09 check was issued 3/10/09 using clean claim date of 2/13/09. Additional prompt pay interest paid on this claim was \$1.48.

09022I0AED01 \$0.60

Folder #48: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered. (Facets Local) Ultera rec'd date 1/21/09 rec'd date for claim is 1/22/09. 00 applied all allowed towards deductible on 1/23/09. 01 was adjusted 3/10/09 with the check issue date of 3/12/09 using 3/9/09 as clean claim date. Additional prompt pay interest paid on this claim was \$.60.

09125EC11801 \$0.66

Folder #49: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered. (Facets Local) Ultera rec'd date 1/21/09 rec'd date for claim is 1/22/09. 00 applied all allowed towards deductible on 1/23/09. 01 was adjusted 3/10/09 with the check issue date of 3/12/09 using 3/9/09 as clean claim date. Additional prompt pay interest paid on this claim was \$.60.

09042TD34301 \$2.13

Folder #54: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered.

09072TA65001 \$2.13

Folder #58: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered.

09128EA79A01 \$1.08

Folder #74: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered. (Facets Local)

Anthem Blue Cross and Blue Shield is the trade name of Choice Managed Care, Inc. (RIT), Healthy Alliance Life Insurance Company (HALIC) and HMO Missouri, Inc. use in most of Missouri. RIT and certain affiliates administer non-HMO benefits underwritten by HALIC and HMO benefits underwritten by HMO Missouri, Inc. Life benefits are underwritten by Anthem Life Insurance Company. RIT and certain affiliates only provide administrative services for self-funded plans and do not underwrite benefits. RIT, HALIC, HMO Missouri, Inc. and HALIC are independent licensees of the Blue Cross and Blue Shield Association.



Ultera rec'd date 5/7/09 claim rec'd date is 5/8/09. 00 was denied as member over dependent age limit on 5/13/09. 01 adjusted 6/20/09 check issue date 6/30/09 using 6/12/09 as clean claim date. Additional prompt pay interest paid for this claim was \$1.08.

09048TD94001 \$0.22

Folder #79: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered.

09064TD46601 \$45.73

Folder #82: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered. Overpaid interest by \$0.04 due to rounding. Re-training has been completed.

09068ECACA01 \$3.85

Folder #83: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered. (Facets Local) Ultera rec'd date 3/6/09 claim rec'd date is 3/7/09. 00 was finalized 3/28/09 check issue date was 3/31/09. 01 adjusted 4/29/09 check issue date 5/5/09 using clean claim date of 4/14/09. Additional prompt pay interest for this claim was \$3.85.

09050EFF4501 \$0.23

Folder #86: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered. (Facets Local) Ultera rec'd date 2/17/09 claim rec'd date is 2/18/09. 00 was finalized 2/20/09 check issued date was 2/24/09. 01 adjusted 5/1/09 check issued 5/5/09 using 4/27/09 clean claim date of 4/27/09. Additional prompt pay interest paid was \$.23.

09014ED9A701 \$0.06

Folder #95: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered. (Facets Local) 09014ED9A701-Ultera rec'd date 1/13/09 claim rec'd date 1/14/09. 00 was denied as a duplicate on 1/15/09. 01 adjusted 3/6/09 with check issue date 3/10/09 using 2/20/09 clean claim date. Additional prompt pay interest paid was \$.06

2009009894286 \$1.90

Folder #101: In Excel Spreadsheet, "MO Request M_Response Addl Info", advised MO DOI on status of payment. On original adjustment, the incorrect Clean Claim Date was entered. On original adjustment, the incorrect Clean Claim Date was entered. Re-training has been completed. (Note: The interest check mails the day after approval in the Dental system, so the 3 Mail Days are not included in the calculation.)

8. Page 17: In the Companies' spreadsheet provided to the examiners, the Companies did not indicate that interest payments were made in the other 50 claims files. In addition, the examiners reviewed the files and did not find any corresponding interest payments.

a. Disagree.

Additional interest was paid on two claims, which was included in the documentation shared with the MO DOI:

09051T434701 Folder #87: Paid \$21.70 additional interest on 3/26/10

091630034300 Folder #25: Paid \$.02 additional interest on 4/5/10.



Interest payments were not required on the remaining 48 claims files due to the following:

Overpayments--Not eligible for Prompt Pay interest: These claims were adjusted, as money was received back from the provider.

09033B481F02 Folder #3
09117FBCBF01 Folder #65

Statistical Adjustments—The action on this claim was a statistical adjustment, so no additional money was paid on the claim. Statistical adjustments typically include updated codes or other non-critical updates received from the provider.

09112A030D01 Folder #5
09044I2A6001 Folder #6
09041A131301 Folder #21
09089A07B901 Folder #22
09083A09F001 Folder #26
09051FE7D301 Folder #32
09125I1C7C01 Folder #38
09134I0DBE01 Folder #39
09044I06BE02 Folder #40; (There was an agreement to remove a Late Call Penalty; this additional payment reflected the amount of the previous penalty. The Clean Claim Date for the adjustment was the date the in-take was received. As the claim was adjusted prior to the 45th day from the Clean Claim Date, no Prompt Pay interest was required.)
09022I0BD701 Folder #51
09037I16F901 Folder #55
09062E3BDE01 Folder #61
09111I2FE401 Folder #63
09089I09DD01 Folder #67
09008I3E5F01 Folder #68
09054F0E8401 Folder #76
09063A0D1401 Folder #78
09075E73C901 Folder #88
09054G1EE801 Folder #89
09061F5AAB01 Folder #90
09050G289B01 Folder #92
09061F9A6C01 Folder #96

Medicare Supplement--Corrected Claims: These were corrected Medicare Supplement claims. The Clean Claim Date would be the Received Date of the new information. As the claim was adjusted prior to the 45th day from the Clean Claim Date, no Prompt Pay interest was required.

09035B218001 Folder #14
09041A17A901 Folder #15
09043B1EE701 Folder #16;
09013I282301 Folder #17
09075A06C301 Folder #19
09064B166101 Folder #20
09051A114C01 Folder #23



09069F2FB401 Folder #27
09064B166901 Folder #28
09070B04C201 Folder #29
09120A0CF001 Folder #30
09091EA9DC00 Folder #50
090331367F01 Folder #60
09048F5D3401 Folder #62
09055151D401 Folder #64
090610071701 Folder #66
09023E6A4B01 Folder #72
09048I11CC01 Folder #75
091460080900 Folder #77

Paper Claims: Paper Claims are not subject to Prompt Pay interest in Missouri.

09110E07EF01 Folder #24
09040F031901 Folder #45
09077T792700 Folder #97
09070T153701 Folder #99

Deductible: On this claim, all applicable money was applied to the member's deductible. Therefore, there was no payment to the member or the provider.

09020I181001 Folder #41

ITS Home--Payments were made on the following two claims and documentation was included in the files:

09082T424101 Folder #80: Paid \$.21 in interest on 5/27/09.
09105T474001 Folder #81: Paid \$67.78 in interest on 6/16/09.

Note: 52 claim files were listed in this section on the document, rather than the 50 indicated in the heading.

9. Page 19: The company paid the two following claims from self insured groups after 45 days.

a. Disagree.

Both claims have been responded to in Official Request NO: L. Claim 09030AC3335 was answered to again in Criticism NO: 1 and Criticism NO: 2. Documentation has been provided regarding both claims verifying that these claims are ASO accounts and that the Home Plans had DF denials for all or a portion of the claim. The Home Plans then transmitted a stream-line adjustment altering the amount paid. Screen Prints attached for further verification. These claims are for services received by participants in self-funded group health plan governed exclusively by ERISA and which are accordingly not subject to the provisions of 376.383 or 376.384 RSMo. Thus for all the foregoing reasons, no interest payments were required on these claims. Therefore, the Company respectfully requests that this finding be removed from the final report and not be referenced in the order.

10. Page 20: The examiners reviewed a sample of 100 Original WGS claim files and found initial claim submission forms in 19 claims that contained dates stamped on the initially submitted claim that were different from the dates the Companies included in the original WGS claim data.

Anthem Blue Cross and Blue Shield is the trade RightCHOICES® Managed Care, Inc. (RT), Healthy Alliance® Life Insurance Company (HALIC) and HMO Missouri, Inc. use in most of Missouri. RT and certain affiliates administer non-HMO benefits underwritten by HALIC and HMO benefits underwritten by HMO Missouri, Inc. Life benefits are underwritten by Anthem Life Insurance Company. RT and certain affiliates only provide administrative services for self-funded plans and do not underwrite benefits. RT, HALIC, HMO Missouri, Inc. and HALIC are independent licensees of the Blue Cross and Blue Shield Association.



a. Agreed.

The received dates documented in the file are based on when the claims were received in the Ultera imaging system. The dates from Ultera versus WGS can vary due to time differences (Central, Eastern, etc) and if claims are received in the Ultera Imaging system during a weekend. In general, if a claim is received after normal business hours or on a weekend, the claim would not be entered into WGS until the following business day. In some cases where over-time has been approved, the claims may be inputted into WGS after regular business hours.

11. Page 20: The Companies advised the examiners that the Date Paid on the Reconciliation Summary screen was the actual Date of Payment. In most claims, the data reviewed reflected that this date matched the date that the Check was created. The Paid Date from the Reconciliation Summary in 98 of the sample files reviewed is not the same as the Received Date shown in the original WGS data.

a. Disagree.

Clarification was requested from the Examiners in an attempt to better define the needed fields. Once clarification was received; additional fields were added to the original spread sheet so as not to alter any of the initial information that was provided. These new fields included the Payment Date, please see column BJ from the original sample.

12. Page 23: The Companies' claim file documents often included the Check Created Date. The Check Created Date is often considered to be the Paid Date when the funds are transferred timely. The examiner's file document review found 89 Check Created Dates to be different from the Paid Date in the Original WGSs Claim Data.

a. Disagree.

Clarification was requested from the Examiners in an attempt to better define the needed fields. Once clarification was received; additional fields were added to the original spread sheet so as not to alter any of the initial information that was provided. These new fields included the Payment Date (column BJ) and Date Payment Transaction (column BN); please reference these fields for additional information. The Date Payment Transaction field included a definition of: *The date that the transaction was created.*

13. Page 25: The examiner's review found that some claims were processed as denials. The Companies use the Paid Date as the processing date which includes denials. The Denial Dates in two files were not the same as the Paid Dates from the Original WGS Data.

a. Disagree.

These were both denied claims and the Paid Dates from WGS defaulted to the submission date for the Provider Remittances.

We appreciate the opportunity to respond to the findings in the examiners report. Please review our responses and let us know if you have any further comments or questions regarding the information we have provided.

Sincerely, —

Elizabeth A. Cox
Compliance Director, Anthem BCBS

Anthem Blue Cross and Blue Shield
1831 Chestnut Street
St. Louis, MO 63103-2275
anthem.com



cc: Dennis Matheis, President and GM, Anthem BCBS, Missouri
Joseph P. Murray, Senior Managing Counsel
David A. Smith, Government Affairs Director, Anthem BCBS

Anthem Blue Cross and Blue Shield is the trade RightCHOICE® Managed Care, Inc. (RIT), Healthy Alliance® Life Insurance Company (HALIC) and HMO Missouri, Inc. use in most of Missouri. RIT and certain affiliates administer non-HMO benefits underwritten by HALIC and HMO benefits underwritten by HMO Missouri, Inc. Life benefits are underwritten by Anthem Life Insurance Company. RIT and certain affiliates only provide administrative services for self-funded plans and do not underwrite benefits. RIT, HALIC, HMO Missouri, Inc. and HALIC are independent licensees of the Blue Cross and Blue Shield Association.

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



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

HMO Missouri, Inc.
NAIC #95358
and
Healthy Alliance Life Insurance Company
NAIC # 78972

MISSOURI EXAMINATION NOS. 0909-26-TGT and 0909-27-TGT

January 11, 2013

Home Office
1831 Chestnut Street
St. Louis, MO 63103

TABLE OF CONTENTS

FOREWORD.....3

SCOPE OF THE EXAMINATION4

COMPANY PROFILE.....5

EXECUTIVE SUMMARY6

EXAMINATION FINDINGS8

I. CLAIM PRACTICES.....8

A. Response to Data Requests Regarding Claims Data.....9

B. Review of Original Facets Claims Data.....10

C. Review of Facets Claims Run-Out Data17

D. Review of Original WGS Claims Data25

E. Review of WGS Claims Run-Out Data32

EXAMINATION REPORT SUBMISSION.....33

FOREWORD

This is a targeted market conduct examination report of HMO Missouri, Inc. (NAIC Code #95358) and Healthy Alliance Life Insurance Company (NAIC Code #78972). Both Companies operate under the trade name "Anthem Blue Cross Blue Shield" along with their immediate parent, RightCHOICE Managed Care, Inc.

This examination was conducted at the Companies' offices, located at 1831 Chestnut Street, St Louis, Mo 63103, and 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 compiled information to study the Companies' claim processing time. They cited errors made by the Companies. Statutory citations were as of the examination period unless otherwise noted.

When used in this report:

- "Companies" refers to HMO Missouri, Inc. and Healthy Alliance Life Insurance Company;
- "DIFP" or "Department" refers to the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- "HALIC" refers to Healthy Alliance Life Insurance Company;
- "HMO Missouri" refers to HMO Missouri, Inc.;
- "NAIC" refers to the National Association of Insurance Commissioners; and
- "RSMo" refers to the Revised Statutes of Missouri.

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, and 375.1009, RSMo,

The purpose of this examination was to ascertain the timeliness of the Companies' claim processing. The primary period covered by this review is January 1, 2009, through June 30, 2009, 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 Companies' claim handling practices.

The examination was conducted in accordance with the standards in the NAIC's *Market Regulation Handbook*.

In performing this examination, the examiners only reviewed a sample of the Companies' practices, procedures, products and files. 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 Companies. 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

HMO Missouri, Inc., was incorporated on May 28, 1987, and began operations in January 1988 as a wholly-owned subsidiary of Blue Cross and Blue Shield of Missouri, Inc., its ultimate parent. HMO Missouri was licensed under the Individual Practice Association form of health maintenance organization, pursuant to Sections 354.400 to 354.550, RSMo. On January 11, 1998, HMO Missouri filed a "Registration of Fictitious Name" with the Missouri Secretary of State, allowing it to operate as "BlueCHOICE."

Healthy Alliance Life Insurance Company was formed in January 1992. HALIC was domiciled in the state of Missouri with an initial capitalization of \$1.5 million. The Company's ultimate parent was Blue Cross Blue Shield of Missouri, Inc. In November of 1993, HALIC merged with an Arizona-domiciled insurer formerly known as American Transcontinental Life Insurance Company but renamed "Healthy Alliance Life Insurance Company" for the purposes of the merger. The surviving entity continued business as Healthy Alliance Life Insurance Company, a Missouri-domiciled life, accident and health insurance company, with certificates of authority to do business in 36 states and the District of Columbia.

In 1994, Blue Cross and Blue Shield of Missouri, Inc., reorganized. The reorganization included the formation and initial public offering of RightCHOICE Managed Care, Inc. (RightCHOICE). Following a settlement with the Department in 2000 related to the reorganization, both Blue Cross and Blue Shield of Missouri, Inc., and RightCHOICE were merged into a Delaware corporation also named RightCHOICE Managed Care, Inc., with the Delaware corporation being the survivor. After the merger, the Delaware RightCHOICE remained as the ultimate parent for HALIC and HMO Missouri.

On January 31, 2002, control of RightCHOICE and its subsidiaries was acquired by WellPoint Health Networks, Inc. (WellPoint), a California-based corporation, through a merger with RWP Acquisition Corporation, a wholly owned subsidiary of WellPoint created for the purpose of the acquisition. The Department approved the acquisition of control on January 16, 2002.

On November 30, 2004, WellPoint completed a merger with Anthem, Inc., an Indiana-based corporation. The merger created the nation's largest health insurer. Anthem, Inc., the surviving corporate parent, was renamed WellPoint, Inc.; its common stock is traded on the New York Stock Exchange (symbol: WLP). WellPoint has Blue Cross or Blue Cross and Blue Shield operations in fourteen states. HALIC, HMO Missouri, and RightCHOICE all do business in Missouri under the registered fictitious name of "Anthem Blue Cross and Blue Shield."

EXECUTIVE SUMMARY

Healthy Alliance Life Insurance Company writes health insurance coverage throughout Missouri, except for the 30-county service area of Blue Cross and Blue Shield of Kansas City. HMO Missouri provides health maintenance organization plans in a service area consisting of 52 counties and St. Louis City in the eastern, central, and southwestern regions of Missouri. Both Companies also participate in the BlueCard program. The BlueCard program allows individuals covered under plans issued by other Blue Cross and Blue Shield organizations to receive healthcare services on an in-network basis from the Companies' provider network while traveling or living in the Companies' Missouri service area.

Claims for individuals covered by the Companies' plans are administered through a claim system known as Facets. BlueCard claims are handled through the WellPoint Group System ("WGS"). This targeted market conduct examination of the Companies reviewed the timeliness of claims processed through both systems.

In general, the Companies had some difficulty providing complete and accurate information for both the data provided for analysis prior to commencement of the examination and the information provided during the course of the examination. Specifically, the examiners noted the following:

Facets Claims

1. The Companies' Facets system sometimes reflects an incorrect date for the receipt of claims. When claims are received by the Companies, they are first entered into the Companies' imaging system and subsequently entered into the Facets system for processing. The received date reflected in the Facets system is the date it is entered into the Facets system. If a claim is received by the imaging system after business hours or on a weekend, it is not entered into the Facets claim system until the next business day.
2. Dates of claim payment in data provided by the Companies for analysis prior to the examination did not accurately reflect the actual date of payment according to data provided by the Companies during the examination. Sometimes, but not always, the claim payment dates in the pre-examination data coincided with the dates for check issuance in the case of paid claims or denial in the case of denied claims.
3. In some instances, the Companies procedures for paying interest under Missouri law may result in interest being paid incorrectly or not at all due to incorrect dates of receipt in the Facets claims system (as noted above) and the application of interest payment rules inconsistent with statutory requirements. Interest payment errors resulted in the Companies adjusting and paying interest on 24 out of 100 claims during the course of the examination.

WellPoint Group System Claims

1. The Companies' WellPoint Group System sometimes reflects an incorrect date for the receipt of claims due to the same lag time related to the imaging system noted for the Facets system above.
2. As with the Facets claims, dates of claim payment in the WGS data provided by the Companies for analysis prior to the examination did not accurately reflect the actual date of payment according to data provided by the Companies during the examination. For denied claims, the claim payment dates in the pre-examination data coincided with the denial dates in some, but not all, cases.

EXAMINATION FINDINGS

I. CLAIM PRACTICES

This section of the report is designed to provide a review of the Companies' claim handling practices. For the Companies, the examiners reviewed how timely the Companies processed their claims and the accuracy of the data that the Companies provided to the DIFP.

Healthy Alliance Life Insurance Company is authorized by the Blue Cross and Blue Shield Association ("the Association") to use the Blue Cross and Blue Shield trademarks in all Missouri counties except for the 30 counties where Blue Cross and Blue Shield of Kansas City is authorized to use the trademarks. HALIC writes health insurance coverage throughout this service area. The service area for HMO Missouri, however, consists of a subset of 52 counties and St. Louis City in the eastern, central, and southwestern regions of Missouri. The health insurance and HMO coverage provided by the Companies in their respective Missouri service areas is adjudicated utilizing a claims system known as "Facets." The Companies refer to the health plans issued in Missouri and administered through the Facets claim system as "Local" plans.

As Blue Cross and Blue Shield licensees, the Companies also participate in the "BlueCard program." On its website, the Association describes the BlueCard program as follows:

BlueCard is a national program that enables members of one Blue company to obtain healthcare services while traveling or living in another Blue company's service area. The program links participating healthcare providers with the independent Blue companies across the country and in more than 200 countries and territories worldwide, through a single electronic network for claims processing and reimbursement.

The system established by the Association to handle BlueCard claims is the "Inter-Plan Teleprocessing Services" ("ITS") system. Under the BlueCard program, an individual covered by a health plan issued by a Blue company in another state may receive care in Missouri from one of the Companies' participating providers at the discounted rate provided by the contract between the participating providers and the Companies. In this scenario, the BlueCard program refers to the out-of-state Blue company as the "Home" plan and the Companies as the "Host" plan.

The system used by the Companies to process BlueCard claims is called the "WellPoint Group System" ("WGS"). This system interfaces with the

ITS system. When a BlueCard claim is received by the Companies as Host plan, it is first imaged and then entered into WGS. WGS "re-prices" the claim by applying the negotiated rate of the provider's contract. The re-priced claim is then transmitted through the ITS system to the Home plan. The Home plan adjudicates the claim and transmits claim disposition data back to the Host plan. If the claim is payable, the Host plan then pays the provider and transmits payment information back to the Home plan through an entity known as the Central Financial Agency ("CFA"), so the Home plan can reimburse the Host plan for the expenses.

The examiners claim processing review encompassed both Local claims processed through the Facets system and BlueCard claims processed through the WGS system.

A. Response to Data Requests Regarding Claims Data

On 10/7/2009, DIFP requested data containing all Local and BlueCard claims that were submitted, reviewed, or processed between 1/1/2009 and 6/30/2009.

On 10/21/2009, DIFP sent notice to the Companies that, if the data was received in early November, the DIFP could then analyze the data and begin its examination on 11/16/2009.

The DIFP did not receive the first data files until 11/19/2009. The DIFP and the Companies agreed that the Companies would consolidate the claims data into one file from the WGS system and one file from the Facets system. When the data was provided on 11/19/2009, however, only the Facets data had been combined into one file. The WGS data had been supplied in multiple files. The DIFP asked the Companies to combine the multiple WGS data files into one file. Although the DIFP was provided with a new WGS data file on 11/30/2009, the DIFP employees were unable to open this file, as it was encrypted on a flash drive that could only be used with the Companies' computers. The DIFP was provided with an accessible flash drive on 12/1/2009.

In mid-December 2009, the DIFP began questioning the completeness of the data provided. There were no dates of service before 1/1/2009, and no payment dates after 6/30/2009 in the data. It was decided by the DIFP and the Companies that the Companies would provide additional data containing dates of service between 1/1/2009 and 6/30/2009, with payments occurring between 7/1/2009 and 12/19/2009. For the purposes of this examination report, the additional claims data will be referred to as "Facets Claims Run-Out

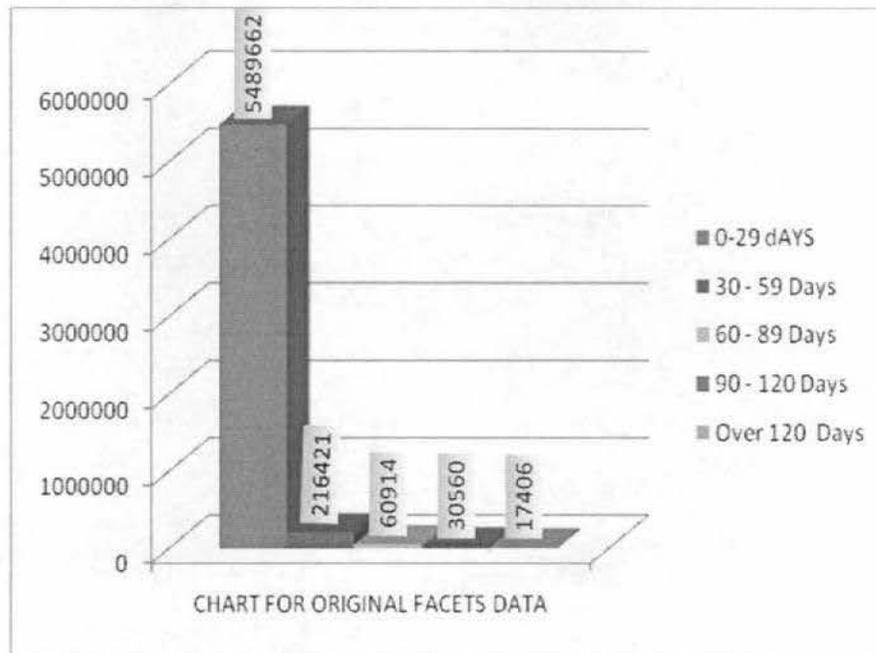
Data” and “WGS Claims Run-Out Data,” and the original claims data will be referred to as “Original Facets Claims Data” and “Original WGS Claims Data.”

B. Review of Original Facets Claims Data

The following is a review of the data provided for Facets claims that had dates of service and were paid or denied between 1/1/2009 and 6/30/2009 (“Original Facets Claims Data”). The Companies provided 5,814,963 claims that met these criteria, but an additional 33 claims provided could not be reviewed because the data failed to include an entry for the date received. Below is a summary of the number of days used to process the claims in the Original Facets Claims Data.

ORIGINAL FACETS CLAIM DATA

<u>Days to process</u>	<u>No. of Claims</u>	<u>Pct. of Claims</u>
0 – 29	5,489,662	94.41%
30 – 59	216,421	3.72%
60 – 89	60,914	1.05%
90 – 120	30,560	0.53%
Over 120	17,406	0.3%



The examination team reviewed a sample of 100 claim files from the Original Facets Claims Data. The following is an analysis of the Original Facets Claims Data sample review.

<u>Days to process</u>	<u>No. of Claims</u>	<u>Pct. of Claims</u>
0 – 30	97	97%
31 – 60	2	2%
<u>61 – 90</u>	<u>1</u>	<u>1%</u>
Total	100	100%

1. Although the one claim noted above in the 61-90 day time frame was adjudicated more than 45 days after receipt, it was denied and not subject to the payment of interest.
2. In reviewing the claim files for the sample, examiners noted 39 claim files where the received date shown on the imaged claim form differed from the received date given for the claims in the Original Facets Claims Data (see below). The Companies explained that this discrepancy was due to a lag time between the date the claim is imaged and the date the claim is entered into the Facets claim system. If a claim is received by the imaging system after business hours or on a weekend, it is not entered into the Facets claim system until the next business day. Consequently, the received date in the Facets claim system does not reflect the actual date the claim was received.

<u>Claim Number</u>	<u>Received Date from Facets Claims Data</u>	<u>Received Date from File Documents</u>
09016F1B1500	1/16/2009	1/15/2009
09023EE3EC00	1/23/2009	1/22/2009
09026B1A8E00	1/26/2009	1/24/2009
09037EDC2400	2/6/2009	2/5/2009
09040I227300	2/9/2009	2/7/2009
09048E6F4C00	2/17/2009	2/14/2009
09054I39A200	2/20/2009	2/19/2009
09054I2D4500	2/23/2009	2/21/2009
09055FB3A400	2/24/2009	2/23/2009
09061I1C8400	3/2/2009	2/27/2009
2009059893086	3/2/2009	2/28/2009
09062E5BFB00	3/3/2009	3/2/2009
09063EF08700	3/4/2009	3/3/2009
09069E71E700	3/10/2009	3/9/2009
09070EDE0900	3/11/2009	3/10/2009
09075A0AB700	3/16/2009	3/14/2009
09075A0A0600	3/16/2009	3/14/2009

<u>Claim Number</u>	<u>Received Date from Facets Claims Data</u>	<u>Received Date from File Documents</u>
09079EE93100	3/20/2009	3/19/2009
09082I138900	3/23/2009	3/21/2009
09089I226000	3/30/2009	3/27/2009
09097E5AD500	4/7/2009	4/6/2009
09103ECD1700	4/13/2009	4/10/2009
09103A093700	4/13/2009	4/11/2009
09142I2E0900	5/21/2009	4/18/2009
09112EDA3B00	4/22/2009	4/21/2009
09117E3F1000	4/27/2009	4/24/2009
09117B0F0C00	4/27/2009	4/25/2009
09125EF34C00	5/2/2009	4/30/2009
09131I1E8401	5/11/2009	5/8/2009
09134F249A00	5/13/2009	5/11/2009
09134F0C3300	5/14/2009	5/13/2009
09140B054A00	5/18/2009	5/15/2009
09138A0BFE00	5/18/2009	5/16/2009
09141F09F000	5/21/2009	5/20/2009
2009143891387	5/28/2009	5/23/2009
09152EB3CD00	6/1/2009	5/30/2009
09152B04D300	6/1/2009	5/30/2009
09161F15FB00	6/8/2009	6/5/2009
09163EE7C600	6/12/2009	6/11/2009

3. The Companies' claim files included various screen prints and print-outs from its systems. One of the screen prints/print-outs the examiners noticed in some files was a screen entitled the "Reconciliation Summary." The Reconciliation Summary contained a "Date Paid" field. It was the examiners' understanding that the Date Paid field in the Reconciliation Summary screen was the actual date of claim payment, so the examiners decided to verify the accuracy of the dates in the Paid Date field of the Original Facets Claims Data by comparing these dates to the dates in the Reconciliation Summary Date Paid field for all the claims in the sample. To perform this test, the examiners furnished the Companies with a spreadsheet listing the 100 claim files in the sample and requested that the Companies add an additional field for the Reconciliation Summary Date Paid to the fields already supplied with the Original Facets Claims Data. The examiners reviewed the additional data supplied and compared the date in the Reconciliation Summary Date Paid field with the date in the Paid Date field of the Original Facets Claims Data. For 76 of the claims, the two dates did not match (see below).

In response to this discrepancy, the Companies subsequently explained that the dates it provided in the Reconciliation Summary Date Paid field of the spreadsheet were only valid for some of the claims. The 100 claim sample consisted of both BlueCard Home claims and Local claims. The Reconciliation Summary screen is part of the ITS system utilized to process BlueCard claims. Local claims are not submitted through the ITS system and do not have a Reconciliation Summary screen. Consequently, only the dates supplied for eight of the 76 claims actually represented dates from the Reconciliation Summary Date Paid field (i.e., claim numbers 09071TF20700, 09156T911700, 09070T846000, 09098TF68401, 09058T661200, 09106TG55600, 09119T032600, 09098TH10900). The remaining claims were Local claims, and the Companies indicated that the dates in the Reconciliation Summary Date Paid field apparently "defaulted to the Facets Paid Date depending upon the time of the batch run."

The Companies further explained that the dates for the eight BlueCard claims in the Paid Date field of the Original Facets Claims Data reflected the date that the Companies had finalized their portion of the BlueCard claim processing, not the date that the Host plans had issued payment to the providers. The Companies did not explain, however, why they initially provided inaccurate dates in the Paid Date field of the Original Facets Claims Data for the BlueCard claims.

<u>Claim Number</u>	<u>Date Paid from the Reconciliation Summary</u>	<u>Paid Date from Facets Data</u>
09071TF20700	3/15/2009	3/13/2009
09076A02C600	3/18/2009	3/20/2009
09121F762300	5/1/2009	5/5/2009
09090A0F1D00	4/1/2009	4/3/2009
09079A0F5900	3/23/2009	3/24/2009
09079B0ABC00	3/21/2009	3/24/2009
09127B29CD00	5/8/2009	5/12/2009
09138A0BFE00	6/21/2009	6/24/2009
09075A0AB700	3/17/2009	3/19/2009
09028B609300	1/30/2009	2/3/2009
09149B1C7F00	5/31/2009	6/9/2009
09156T911700	6/22/2009	6/19/2009
09112I282900	4/23/2009	4/27/2009
09016F1B1500	1/17/2009	1/21/2009
09089I226000	4/1/2009	4/20/2009
09048E6F4C00	2/19/2009	2/24/2009
09125EF34C00	5/14/2009	5/19/2009

<u>Claim Number</u>	<u>Date Paid from the Reconciliation Summary</u>	<u>Paid Date from Facets Data</u>
09091ED5D300	4/3/2009	4/7/2009
09077F1FF400	3/19/2009	3/24/2009
09034I1E4E00	2/4/2009	2/6/2009
09013I27E201	3/5/2009	3/9/2009
09014F3E2E00	1/15/2009	1/21/2009
09082I138900	3/24/2009	3/26/2009
09065F774300	3/7/2009	3/10/2009
09022EE4E000	1/23/2009	1/27/2009
09150E07E700	5/31/2009	6/9/2009
09103ECD1700	4/16/2009	4/21/2009
09037EDC2400	2/8/2009	2/17/2009
09152EB3CD00	6/3/2009	6/9/2009
09112EDA3B00	4/23/2009	4/28/2009
09152B04D300	6/2/2009	6/9/2009
09173E082F00	6/23/2009	6/30/2009
09062E5BFB00	3/5/2009	3/10/2009
09146I165700	5/27/2009	5/29/2009
09070T846000	4/6/2009	4/3/2009
09098TF68401	6/5/2009	6/4/2009
09061F5B9B00	3/3/2009	3/5/2009
09138F0C8700	5/19/2009	5/26/2009
09163EE7C600	6/15/2009	6/16/2009
09076A029000	10/8/2009	3/20/2009
09043E813800	2/13/2009	2/17/2009
09162E468B00	6/13/2009	6/16/2009
09058T661200	3/10/2009	2/28/2009
09063EF08700	3/5/2009	3/10/2009
09141F09F000	5/22/2009	5/26/2009
09117E3F1000	4/28/2009	5/5/2009
09054I2D4500	3/20/2009	3/24/2009
09106TG55600	5/1/2009	4/17/2009
09056I058F00	2/28/2009	3/3/2009
09022FA80400	1/24/2009	1/27/2009
09119T032600	5/20/2009	5/13/2009
09084FAC2C00	3/26/2009	3/31/2009
09055FB3A400	2/25/2009	3/3/2009
09078F70CF00	3/20/2009	3/24/2009
09098TH10900	4/15/2009	4/9/2009
09079EE93100	3/25/2009	3/31/2009
09070EDE0900	3/28/2009	3/24/2009
09170E130800	6/20/2009	6/30/2009
09033I13DA00	2/3/2009	2/5/2009
09134F249A00	5/20/2009	5/26/2009

<u>Claim Number</u>	<u>Date Paid from the Reconciliation Summary</u>	<u>Paid Date from Facets Data</u>
09091I06A700	4/2/2009	4/6/2009
09124G2B7E00	5/5/2009	5/12/2009
09156I03DF00	6/6/2009	6/10/2009
09138I335600	7/1/2009	5/22/2009
09161F15FB00	6/11/2009	6/16/2009
09142I2E0900	5/24/2009	5/27/2009
09023EE3EC00	6/26/2009	2/17/2009
09061I1C8400	5/1/2009	3/19/2009
09022FA66F01	4/24/2009	4/28/2009
09105B019C00	4/16/2009	4/21/2009
09141B3D3300	5/22/2009	5/26/2009
09075A0A0600	3/25/2009	3/20/2009
09064EA1CE00	3/7/2009	3/10/2009
09104I637000	4/23/2009	4/27/2009
09140B054A00	5/21/2009	5/26/2009
09121F762801	5/5/2009	6/3/2009

4. The examiners also requested that the Companies add a field for the date the claim payment check was created to the spreadsheet of 100 sample claim files. The Companies added a "Check Date" field to the spreadsheet and inserted dates in the field. The examiners compared the dates in the Check Date field to the dates in the Paid Date field of the Original Facets Claims Data. For seven claims, these dates did not match (see below).

The Companies subsequently provided the following explanation for the discrepancies in the dates:

- 09131I1E8401 and 0913127E201: These claims were adjustments to claims that had previously been processed and paid. No check was issued, so the Paid Date actually reflects the Provider Remittance Date.
- 09023EE3EC00 and 09061I1C8400: These claims were reprocessed, so the Paid Date reflects the first processing and the Check Date represents the reprocessing.
- 09121F762801: The date of service for this claim was 4/7/2009, so the Check Date is a data entry error.

In addition, it appears from the data that the Companies may have mistakenly entered the Payment Approval Date in the Check Date field for claim number 09103A093700, and the Paid Date for claim number 09089I226000 may reflect a subsequent adjustment and payment to a previously processed claim.

<u>Claim Number</u>	<u>Paid Date from Facets Data</u>	<u>Check Date in Spreadsheet</u>
09103A093700	4/28/2009	4/24/2009
09131I1E8401	6/9/2009	5/19/2009
09089I226000	4/20/2009	4/2/2009
0913127E201	3/9/2009	2/4/2009
09023EE3EC00	2/17/2009	6/30/2009
09061I1C8400	3/19/2009	5/5/2009
09121F762801	6/3/2009	3/2/2009

5. For those claims that were denied, the examiners noted that the Original Facets Claims Data contained a date in the Paid Date field. In order to verify whether this date represented the date that the claim was denied, the examiners asked the Companies to add a field for the "Denial Date" to the spreadsheet of 100 sample claim files. The examiners reviewed the resulting data and found that the Denial Dates for the following seven claims were not the same as the Paid Dates from the Original Facets Claims Data. In response to this finding, the Companies explained that the dates in the Paid Date field for denied claims in the Original Facets Claims Data actually reflected "the submission date for the Provider Remittances."

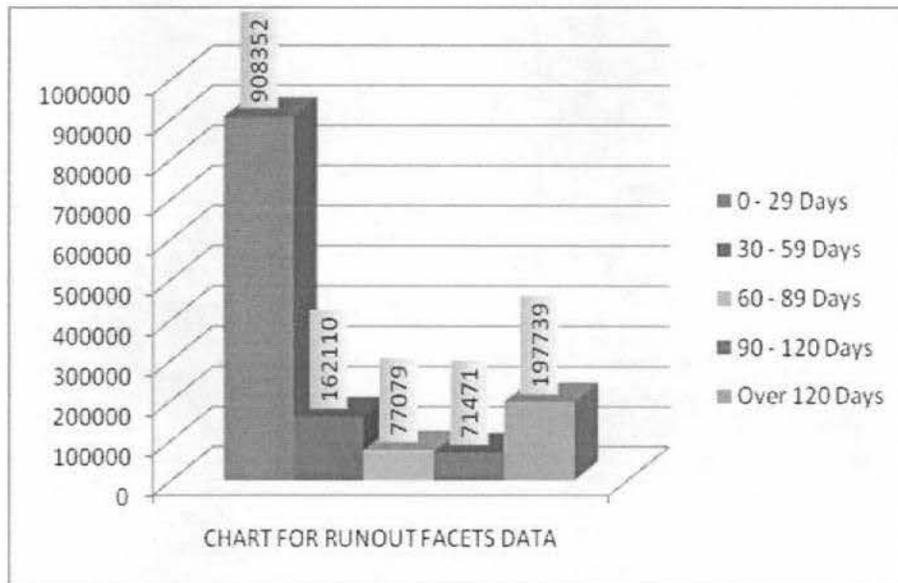
<u>Claim Number</u>	<u>Paid Date from Facets Data</u>	<u>Denial Date in Spreadsheet</u>
09069E71E700	3/31/2009	3/26/2009
09051B69C900	3/3/2009	2/21/2009
09142I2E0900	5/27/2009	5/24/2009
09022FA66F01	4/28/2009	4/24/2009
09064EA1CE00	3/10/2009	3/7/2009
09140B054A00	5/26/2009	5/21/2009
2009059893086	3/2/2009	5/29/2009

C. Review of Facets Claims Run-Out Data

As noted above, the examiners requested and the Companies provided additional data containing Facets claims with dates of service between 1/1/2009 and 6/30/2009, and payments occurring between 7/1/2009 and 12/19/2009 (“Facets Claims Run-out Data”). The Companies provided 1,416,751 claims that met these criteria. Below is a summary of the number of days used to process these claims.

FACETS CLAIMS RUN-OUT DATA

<u>Days to process</u>	<u>No. of Claims</u>	<u>Pct. of Claims</u>
0 – 29	908,352	64.12%
30 – 59	162,110	11.44%
60 – 89	77,079	5.44%
90 – 120	71,471	5.04%
Over 120	197,739	13.96%



As indicated above, the Facets Claims Run-Out Data included many claims that were paid more than 45 days after receipt. A sample of 100 of these claims was selected for review. The examiners created a spreadsheet of the 100 claims in the sample from the Facets Claims Run-Out Data. This spreadsheet was given to the Companies with a request for the claim files. The Companies provided the examiners with files containing screen prints from the Companies’ claims system as well as a revised spreadsheet to which data regarding interest payments had been added. In reviewing the claim files, the examiners noted that two of the files (claim numbers 09008FB51500

and 09040F031901) contained duplicate information from two other claims files (09021I2A2E01 and 09012E533A01) so these two claims were excluded from the review. The results of the examiners' review of the remaining 98 claims in the sample are as follows:

1. For the 27 claims listed below, the Companies indicated that interest had been paid. The additional data provided by the Companies on the sample spreadsheet, however, showed interest amounts in the "Interest Paid" field for only 25 of them. Two of the claims in the list below (09082T424101 and 09105T474001) did not show any interest being paid on the spreadsheet, but the Companies subsequently indicated that interest had been paid prior to the examination on both claims and explained that the failure to show interest for one of the claims (09082T424101) was likely due to the data retrieval failing to capture amounts less than a dollar in some cases. The date of service and the "Check Date" for 21 of the 25 claims with an entry in the "Interest Paid" field were within the timeframes of the Original Facets Claims Data (1/1/2009 to 6/30/2009) so it is not clear why these 21 claims were not included in the Companies' response to the request for the Original Facets Claims Data. For claim numbers 09082T424102 and 09105T474001, which were ITS Home claims for the Companies, no dates were supplied in the "Check Date" field of the spreadsheet, but the dates in the "Date Paid" field of the "Reconciliation Summary" for both of these claims were also within the timeframes of the Original Facets Claims Data. Again, it is unclear why these two claims were not included in the Original Facets Claims Data.

The examiners compared the "Received Date" and "Check Date" fields in the spreadsheet with the "Received Date" and "Payment Date" fields shown on the screen prints in the claim files. These dates matched for 23 of the 25 claims with an entry in the "Check Date" field. Claim number 09106I1C8D01 had a different "Received Date" on the spreadsheet (4/15/2009) than the date shown in the claim file (4/28/2009), and claim number 091800102300 had a different "Check Date" (6/30/2009) than the "Payment Date" shown in the claim file (3/23/2010). The Companies explained these date discrepancies as being attributable to the claims being adjusted more than once. For the two claims without an entry in the "Check Date" field of the spreadsheet (09082T424101 and 09105T474001), the "Received Date" in the spreadsheet and the claim file screen prints both matched.

Missouri prompt pay laws require interest to be paid at the rate of one percent per month for each day a claim remains unpaid after

the forty-fifth day from the date of receipt. In calculating interest, the Companies appear to routinely add three additional days to the number of days in excess of 45 in order to accommodate mailing time. This was the case in all of the claim files except for claim number 2009124161841, which was a dental claim, and claim numbers 09082T424102 and 09105T474001. Unlike the other 24 claim files, the file for claim number 2009124161841 did not have a system screen print showing the number of days upon which interest was calculated. The files for claim numbers 09082T424102 and 09105T474001 did have such a system screen print, but the "Nbr Days of Int" field for both showed zero days. Consequently, it was unclear how many days were utilized by the Companies to calculate interest for these three claims.

Since the Companies indicated that the "Payment Date" field of the Facets claim system did not accurately reflect the date the payment was sent to the provider due to the delay in mailing, the accuracy of the Companies' interest calculation based upon the number of days noted in the "Nbr Days of Int" field in the system screen prints was checked for those 24 claims that had this information in the file. This was accomplished by multiplying a daily interest rate (12%/365) by the amount of the "Benefit" and by the number of days in the "Nbr Days of Int" field. In some files (denoted by an "*" in the list below), this calculation yielded a result that was \$.01 more than the interest shown in the claim file. For two of the claim files, however, the difference between the calculated interest and the file interest was slightly higher (\$.21 for 09076I3F1401 and \$.13 for 09062I222C01, denoted by a "+" in the list below). The Companies explained that the discrepancies were due to their utilizing 365.25 days in calculating a daily interest rate in order to account for leap years.

For those three claims that did not have this information in the file, different methodologies were utilized. In the case of claim number 2009124161841, the number of days was calculated using the time period between the claim received date and the actual date on the copy of the check in the claim file. The resulting calculation for one day of interest was \$.30 less than what the file indicated was paid. When the calculation was done for five days of interest rather than one, however, the result matched what the file indicates was paid.

The number of days of interest for the two ITS Home claims (09082T424102 and 09105T474001) was calculated using the "CLM RCPT DT" and "DATE PAID" fields from the ITS "Reconciliation Summary." Again, the result was less than the

amount of interest the Companies said was paid on the two claims. When three additional days of interest were added to the calculation, however, the result matched what the Companies said was paid.

With the exception of the file for claim number 2009124161841, which contained a copy of a check that included both the benefit and the interest, none of the other 26 claim files included the interest in the amount shown in the system's "Check Amount" field, and no documentation evidencing actual payment of the interest amounts was contained in those 26 files. The Companies subsequently provided documentation of the interest payments for all 26 claim files.

<u>Claim Number</u>	<u>Amount of Interest</u>
09030E434F01	\$0.12
091800102300	\$7.58
09078F49FE01	\$0.08
09016F7AB501	\$0.46*
09103E1FAA01	\$0.45*
09135B2E5800	\$0.10
09076I3F1401	\$835.58 ⁺
09034I389201	\$19.90*
09026F1C0801	\$0.22
09106I1C8D01	\$439.56*
09021I2A2E01	\$0.09
09091FE47101	\$0.06*
09035I122B01	\$7.83*
09077I042A01	\$0.28
09056I139101	\$1.13*
09104I059601	\$0.01*
09062I222C01	\$174.60 ⁺
09040I0E5801	\$10.84
09082T424101	\$0.21
09105T474001	\$67.78
09077EFB3900	\$0.23
091420014500	\$1.04
09085F774301	\$0.19*
09120FD00901	\$0.02
091420012500	\$0.59
09050F3E3C00	\$0.30*
2009124161841	\$0.39

2. The Companies indicated that an "Interest Adjustment" had been made for the 24 claims listed below. The additional data supplied by the Companies on the sample spreadsheet showed an amount in the "Interest Adjustment" field for 22 of these claims. This prompted the examiners to request additional information for the 22 claims. The Companies responded with a new spreadsheet with additional information regarding the 22 claims along with an additional claim (claim number 09051T434701) that had not previously been indicated as having an "Interest Adjustment" on the sample spreadsheet. The Companies subsequently disclosed that one more claim (claim number 091630034300) had an "Interest Adjustment" and explained that the failure to show interest for this claim in the spreadsheet was likely due to the data retrieval failing to capture amounts less than a dollar in some cases. As noted for some of the claims above, the date of service and the "Check Date" for all 24 of these "Interest Adjustment" claims were within the timeframes of the Original Facets Claims Data (1/1/2009 to 6/30/2009) so it is not clear why these 24 claims were not included in the Companies' response to the request for the Original Facets Claims Data.

The additional information spreadsheet provided by the Companies included columns labeled "Date of Approval" and "Date Check Sent." The "Date of Approval" for all the adjustments was 3/25/2010 and the "Date Check Sent" entries ranged from 3/30/2010 to 4/16/2010. These dates were during the examination and subsequent to the date the examiners requested the sample of 100 claim files. Consequently, it appears the examiners' request prompted the Companies to review these claims once again and determine that interest was payable on the 24 claims listed below.

In the "Explanation" column of the additional information spreadsheet, the Companies stated as a reason for all the adjustments that, "On original adjustment, the incorrect Clean Claim Date was entered." Another column in the spreadsheet had the heading "Rule 15/45." Since this column indicates the number of days to be subtracted from the calculation of interest and the standard under Missouri law is 45 days, the Companies explained that the "15 day rule" related to claims that were subject to a "Multi-District Litigation Settlement Agreement" to which they were a party. One of the claims in the spreadsheet (claim number 09037TB04501) indicated that the "15 day rule" was utilized in calculating the interest adjustment.

To check the interest calculation by the Companies, the dates in the "Clean Interest Date or Recd Date" and "Paid Date" columns of

the additional information spreadsheet were first compared with the corresponding dates in the files. All matched. The number of days from the "Clean Interest Date or Recd Date" to the "Paid Date" was then calculated for each claim number, 45 days were subtracted from each result and three mailing days were added for all claims except dental claim number 2009009894286. (The Companies indicated that no mailing days were added for dental claims because the checks went out immediately.) A daily interest rate of 12%/365 was then multiplied by each result to generate an interest amount for each claim number. For most files, the result of this calculation yielded an amount of interest equal to the amount shown as being paid in the additional information spreadsheet. Three of the claims (denoted by an "*" below) showed amounts in the "Total Interest Paid" column that were \$.01 to \$.02 less than the amount calculated, and four of the claims (denoted by a "+") showed amounts that were greater than the amount calculated. As noted above, the Companies explained that the discrepancies were due to their utilizing 365.25 days in calculating a daily interest rate in order to account for leap years. In addition, information supplied by the Companies indicated that the spreadsheet's "Clean Interest Date or Recd Date" used to calculate interest adjustments for seven claims (claim numbers 09061E69F101, 09021I395301, 09050ID82901, 09008F074F01, 09022I0AED01, 09068ECACA01 and 09014ED9A701) was 1-3 days later than the actual date the claim was received by the claim document imaging system.

None of the 24 files initially contained a copy of a check reflecting payment of the interest adjustment. The Companies subsequently supplied the examiners with copies of checks or a system screen print indicating payment for all 24 of the claim files.

<u>Claim Number</u>	<u>Amount of Interest Adjustment</u>
09099T617001	\$13.30 ⁺
09037TB04501	\$3.00 ⁺
09083I54A301	\$16.42*
09061E69F101	\$0.48
091630034300	\$0.02
09085E65C801	\$0.17
09021I395301	\$7.31 ⁺
09014I15C201	\$19.57*
09050ID82901	\$0.42
09058I312601	\$9.99
09012E533A01	\$0.07
09008F074F01	\$1.48

<u>Claim Number</u>	<u>Amount of Interest Adjustment</u>
09022I0AED01	\$0.60
09125EC11801	\$0.66
09042TD34301	\$2.13 ⁺
09072TA65001	\$2.13
09128EA79A01	\$1.08
09048TD94001	\$0.22
09064TD46601	\$45.73
09068ECACA01	\$3.85
09050EFF4501	\$0.23
09051T434701	\$21.70
09014ED9A701	\$0.06
2009009894286	\$1.90

3. For the remaining 47 claims, the Companies explained that no interest was due for the following reasons:
- a. Two claims were identified as claim adjustments due to overpayments on the initial claim.
 - b. Twenty-two claims were identified as "statistical adjustments" that modified information submitted with the initial claim but did not result in additional money being paid.
 - c. Three claims were identified as paper claims to which the prompt pay law did not apply.
 - d. One claim was identified as being applied to the member's deductible, so no payment was made that would incur interest.
 - e. Nineteen claims were identified as corrected Medicare Supplement claims (see list of claim numbers below). The Companies explained that these claims represented instances where: (1) Medicare had initially processed its claim; (2) in response to this first Explanation of Medicare Benefits (EOMB), the Companies processed their Medicare Supplement claim; (3) Medicare subsequently reprocessed its claim; and (4) the Companies reprocessed the Medicare Supplement claim in response to the new EOMB. In some cases the amount payable by the Companies was unchanged as a result of Medicare's reprocessing, but in other cases, an additional amount was owed. In those cases where an additional amount was owed, the Companies reasoned that they could treat the second receipt of these claims as if they were new claims, subject to a new 45 day period, because the claims "were processed correctly and timely" when they were first received. Unfortunately, this reflects an incorrect interpretation of §376.383. The 45 day period before interest begins to accrue is counted from the day a claim is first received, not from the day a claim is received a second time after being subsequently reprocessed by Medicare.

The Companies disagree with the Department's position on this issue.

Claim Numbers

09035B218001
09041A17A901
09043B1EE701
09013I282301
09075A06C301
09064B166101
09051A114C01

Claim Numbers

09069F2FB401
09064B166901
09070B04C201
09120A0CF001
09091EA9DC00
09033I367F01
09048F5D3401

Claim Numbers

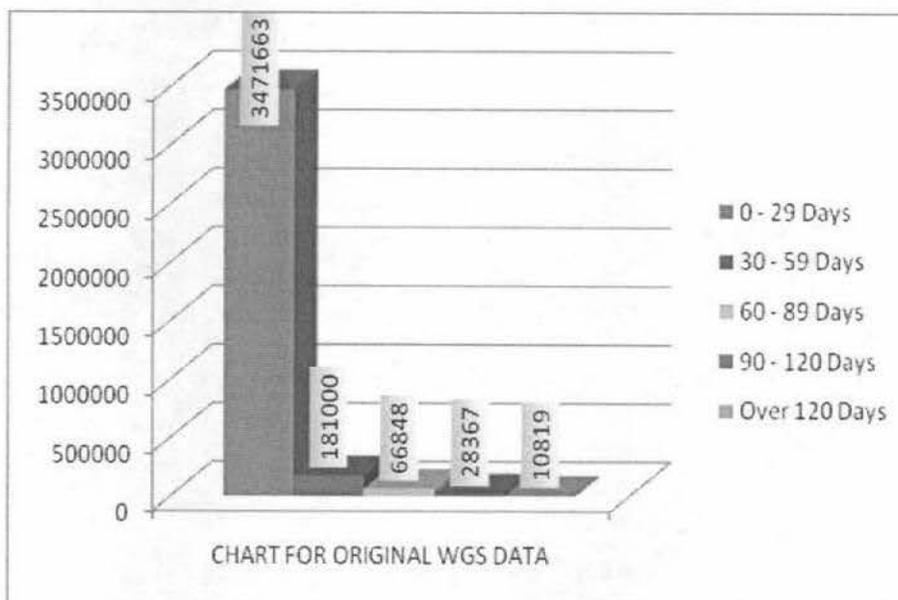
09055I51D401
090610071701
09023E6A4B01
09048I11CC01
091460080900

D. Review of Original WGS Claims Data

The following is a review of the data provided for WGS claims that had dates of service and were paid or denied between 1/1/2009 and 6/30/2009 ("Original WGS Claims Data"). The Companies provided 3,758,697 claims that met the above referenced criteria. Below is a summary of the number of days to process the claims in the Original WGS Claims Data.

ORIGINAL WGS DATA

<u>Days to process</u>	<u>No. of Claims</u>	<u>Pct. of Claims</u>
0 - 29	3,471,663	92.36%
30 - 59	181,000	4.82%
60 - 89	66,848	1.78%
90 - 120	28,367	0.75%
Over 120	10,819	0.29%



The examination team chose a sample of 100 claim files from the Original WGS Claims Data for review. The Companies provided the examiners with claim files consisting of screen prints/print-outs from the WGS and ITS systems along with images of claim forms. The Companies also supplemented the sample spreadsheet with additional data fields regarding claim processing as well as identifying those claims that involved self-funded plans. In all, 78 of the claims involved self-funded plans. The following is an analysis of the Original WGS Claims Data sample review.

<u>Days to Pay</u>	<u>No. of Claims</u>	<u>Pct. of Claims</u>
0 – 30	98	98%
<u>31 – 60</u>	<u>2</u>	<u>2%</u>
Total	100	100%

- In reviewing the claim files for the sample, examiners noted 19 claim files where the received date shown on the imaged claim form differed from the received date given for the claims in the Original WGS Claims Data (see below). As with the Original Facets Claims Data above, the Companies explained that this discrepancy was due to a lag time between the date the claim is imaged and the date the claim is entered into WGS. If a claim is received by the imaging system after business hours or on a weekend, it is not entered into WGS until the next business day. Consequently, the received date in WGS does not reflect the actual date the claim was received.

<u>Claim Number</u>	<u>Received Date from WGS Claims Data</u>	<u>Received Date from File Documents</u>
09110AA0011	04/20/09	04/18/09
09091AA5225	04/01/09	03/31/09
09045AA2340	02/14/09	02/13/09
09064AA3909	03/05/09	03/04/09
09160AB0760	06/09/09	06/08/09
09092AA6191	04/02/09	04/01/09
09162AO0300	06/11/09	06/01/09
09029AA2523	01/29/09	01/28/09
09031AA2549	01/31/09	01/30/09
09065AA5518	03/06/09	03/05/09
09092AA0814	04/02/09	04/01/09
09113AA4768	04/23/09	04/22/09
09107AA5869	04/17/09	04/16/09
09118AD2773	04/28/09	04/27/09
09162AA4885	06/11/09	06/10/09
09134AA3702	05/14/09	05/13/09
09141AA2279	05/21/09	05/20/09
09143AA3914	05/23/09	05/22/09
09105BF8564	04/15/09	04/14/09

- As noted above in the discussion of the Original Facets Claims Data, it was the examiners' understanding that the Date Paid field in the Reconciliation Summary screen was the actual date of claim payment, so the examiners requested that the Companies provide the Reconciliation Summary Date Paid for each of the claims on

the Original WGS Claims Data sample spreadsheet. The Companies responded to this request by adding a column entitled "Payment Date." The examiners reviewed the additional data supplied and compared the date in the Payment Date field with the date in the Paid Date field of the Original WGS Claims Data for the 92 claims that the Companies identified as being "Processed" (as opposed to "Denied" or "Pended") in the "Payment Status" column of the additional data. As noted below, the Payment Date from the additional data did not match the Paid Date from the Original WGS Claims Data for any of the 92 claims. In addition, the examiners checked the Date Paid field in the Reconciliation Summary screen prints for 21 claim files (noted with an "*" below) and none of them matched either the Paid Date or the Payment Date in the spreadsheet.

The Companies subsequently explained the reason for these discrepancies. The Reconciliation Summary Date Paid field does not reflect the true date of payment for these claims, so the Companies provided the check issue date in the Payment Date field of the examiners' 100 claim sample spreadsheet. The reason that the dates in the Payment Date field did not match the dates in the Paid Date field of the Original WGS Claims Data was because the data the Companies had inserted in the Paid Date field was the WGS processed date. The Companies explained that they had tried to extract the actual date of claim payment from their system to respond to the initial data request for the Original WGS Claims Data, but had been unable to do so. The Companies did not explain, however, why they had not apprised the Department of the nature of the data in the Paid Date field when they responded to this initial data request prior to the commencement of the examination.

<u>Claim Number</u>	<u>Paid Date from Original WGS Claims Data</u>	<u>Payment Date from Additional Data</u>
09162AY3091*	06/18/09	06/22/09
09129AL4170	05/20/09	05/22/09
09099AF3850	05/06/09	05/08/09
09041AC3895	02/26/09	03/02/09
09105AA5532*	04/21/09	03/02/09
09077AA5349	04/17/09	04/21/09
09105AA5542	04/24/09	04/28/09
09094KL1526	04/11/09	04/14/09
09110AA0011*	04/29/09	05/01/09
09062AB0705*	03/07/09	03/10/09
09170AV4174*	06/29/09	07/01/09

<u>Claim Number</u>	<u>Paid Date from Original WGS Claims Data</u>	<u>Payment Date from Additional Data</u>
09147AA3051	05/30/09	06/02/09
09091AA5225	04/04/09	04/07/09
09045AA2340	02/21/09	02/24/09
09036AA3172	02/17/09	02/19/09
09099BD1568	04/25/09	04/28/09
09118AK7461*	05/22/09	05/26/09
09139AA8520	05/22/09	05/26/09
09061KL0900*	03/06/09	03/10/09
09064AA3909	03/10/09	03/12/09
09160AB0760	06/12/09	06/16/09
09092AA6191*	04/07/09	04/09/09
09099AF5570*	04/17/09	04/21/09
09162AO0300	06/17/09	06/19/09
09128AY1191	05/13/09	05/15/09
09128AA6321	05/13/09	05/15/09
09094AN0635	04/15/09	04/17/09
09152AN6436	06/05/09	06/09/09
09029AA2523	02/02/09	02/04/09
09031AA2549	02/18/09	02/20/09
09076AO6197	04/02/09	04/06/09
09065AA5518	03/23/09	03/25/09
09030AO9034	03/04/09	03/06/09
09092AA0814	04/08/09	04/10/09
09113AA4768	04/25/09	04/28/09
09089AD6514	04/23/09	04/27/09
09110AM1798	04/24/09	04/28/09
09107AA5869*	04/23/09	04/27/09
09121AY8588	05/16/09	05/19/09
09113AM5824	04/30/09	05/04/09
09034AW2360	02/07/09	02/10/09
09167AX1489*	06/22/09	06/24/09
09097AQ2166	04/11/09	04/14/09
09140AA7107	06/05/09	06/09/09
09083AA1019	03/30/09	04/01/09
09134AA6936*	05/21/09	05/25/09
09055AC3791*	03/02/09	03/04/09
09170AA3329	06/26/09	06/30/09
09022AA2577	01/31/09	02/03/09
09171AA5084	06/26/09	06/30/09
09062AA9828*	03/07/09	N/A
09037AA4352*	02/11/09	02/13/09
09076AO5743	03/30/09	04/01/09
09161760296	06/18/09	06/22/09

<u>Claim Number</u>	<u>Paid Date from Original WGS Claim Data</u>	<u>Payment Date from Additional Data</u>
09149AP6934	06/03/09	06/05/09
09070AA6019*	03/18/09	03/20/09
09021AY2837	01/24/09	01/27/09
09029AA2228	02/02/09	02/04/09
09168AA2151*	06/22/09	06/24/09
09020AA6161	02/04/09	08/04/09
09103AB9347	04/21/09	04/23/09
09091AA2805*	04/08/09	04/10/09
09167AP3254	06/20/09	06/23/09
09098AX0040*	04/15/09	04/17/09
09054BA0932*	02/27/09	03/03/09
09154AA4082	06/06/09	06/09/09
09090AB1056	04/06/09	04/08/09
09160AB0508	06/12/09	06/16/09
09020AV1054	03/06/09	03/10/09
09054AA0295	02/27/09	03/03/09
09084AA5184	03/28/09	03/26/09
09164AA0802	06/19/09	06/15/09
09037AA5097	02/11/09	02/07/09
09058AA8861	04/04/09	03/01/09
09094AA4371	04/20/09	04/22/09
09037BA6028	02/23/09	02/25/09 & 05/05/09
09162AA4318	06/15/09	06/17/09
09108AD0211	04/23/09	04/27/09
09118AD2773	05/01/09	05/05/09
09162AA4885	06/15/09	06/17/09
09041BG5519	02/14/09	02/17/09
09106AN0236	04/23/09	04/27/09
09134AA3702	05/20/09	05/22/09
09012AD7564	01/29/09	02/02/09
09141AA2279	05/28/09	06/01/09
09143AA3914	05/29/09	06/02/09
09100AA6444	04/15/09	04/17/09
09106KL1917*	04/25/09	04/28/09
09133AN4846	05/21/09	05/25/09
09097AQ2580	04/13/09	04/15/09
09162BD3118	06/25/09	06/29/09
09112089058	04/24/09	04/29/09

3. As with the Original Facets Claims Data, the examiners requested that the Companies add information to the sample spreadsheet regarding the dates the various claim payment checks were created. The Companies supplied additional dates in a column entitled

"Date Payment transaction" that was described as, "The date that the transaction was created." The examiners compared the dates in the Date Payment transaction column to the dates in the Paid Date column of the Original WGS Claims Data and the Payment Date column of the additional data supplied by the Companies. Although none of the dates in the Date Payment transaction column for the 92 Processed claims in the sample matched the Paid Date column in the Original WGS Claims Data, all but six (claim numbers 09128AY1191, 09084AA5184, 09164AA0802, 09037AA5097, 09058AA8861 and 09112089058) matched the Payment Date in the additional data. The Companies subsequently explained that the reason the dates did not match for these six claims was due to a manual data entry error in completing the spreadsheet.

To verify whether the dates in the Date Payment transaction column were accurate, the examiners also checked the 21 files noted with an "*" above for information regarding the date the claim payment check was created. All but two of the files contained a "Check Inquiry" system screen print with a field entitled "Check Create\Issue Date." The allowed amounts for the two files without the Check Inquiry screen print (claim numbers 09062AA9828 and 09054BA0932) were indicated by the Companies as going toward the deductible, so no checks were issued. For the remaining 19 files, the dates in the Check Create\Issue Date field matched the dates in the Date Payment transaction and Payment Date columns of the additional data for all but one of the claims (claim number 09105AA5532). Again, the Companies explained that this discrepancy was due to a manual data entry error in completing the spreadsheet.

4. Five of the Processed claims (claim numbers 09062AA9828, 09054BA0932, 09054AA0295, 09058AA8861 and 09012AD7564) appeared to involve claims where the entire allowed amount was credited toward the member's deductible since nothing was paid by the Companies on these claims. Despite this, all but one of the claims showed dates in the Paid Date column of the Original WGS Claims Data and the Payment Date and Date Payment transaction columns of the additional data. The Companies explained that the dates provided in the Payment Date and Date Payment transaction columns corresponded to the issue date for the remittance advice. Claim number 09062AA9828 had a date in the Paid Date column but had "N/A" in the Payment Date and Date Payment transaction columns.

5. Claim number 09094AA3581 was identified as "FULL VOID" in the Payment Status column of the additional data provided by the Companies even though \$1,279.56 was shown as being paid. The dates in the Payment Date and Date Payment transaction columns of the additional data both matched (04/13/09), but the date in the Paid Date column of the Original WGS Claims Data (04/09/09) did not match the other two dates. The Companies explained that this claim had initially been paid, but the Home Plan subsequently requested that the claim be voided due to termination of the member's coverage. This prompted a refund of the amount paid.
6. Claim number 09127MA8974 was identified as "Pended" in the Payment Status column of the additional data provided by the Companies. Nothing was shown as being paid on this claim; however, the Paid Date column of the Original WGS Claims Data had a date (06/26/09) and the Payment Date column of the additional data had a date (05/20/09). The Date Payment transaction column had "N/A" for this claim.
7. Six of the claims (claim numbers 09105BF8564, 09114BB8763, 09168482805, 09143870091, 09126771308 and 09072BC3849) were identified as being "Denied" in the Payment Status column of the additional data. Although nothing was shown as being paid for these claims, the data provided in the various fields regarding payment of the claims was very inconsistent as noted below. With regard to the dates shown in the Paid Date column from the Original WGS Claims Data, the Companies explained that these dates had defaulted to the submission dates for the provider remittances.

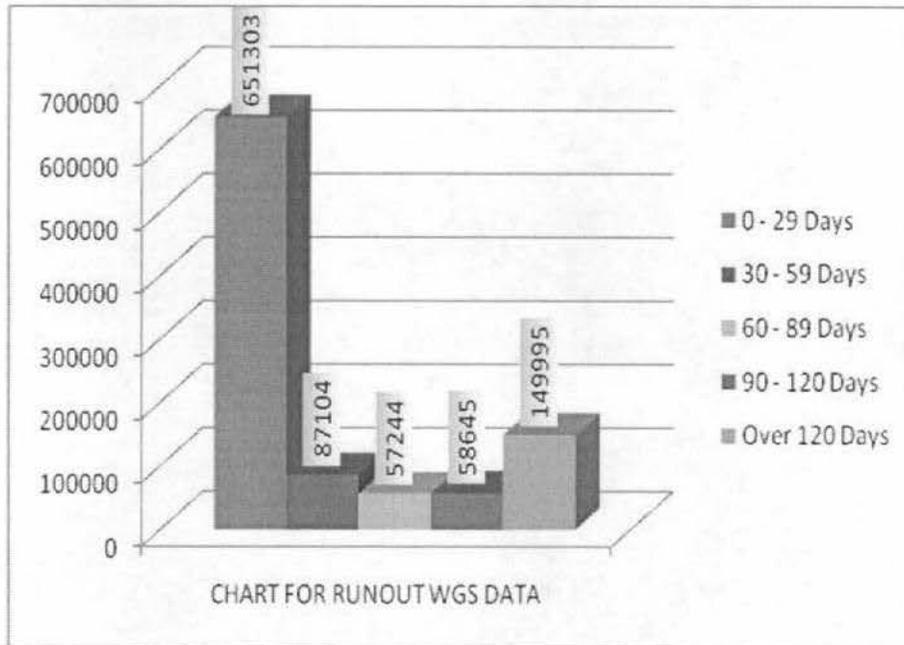
<u>Claim Number</u>	<u>Paid Date</u>	<u>Payment Date</u>	<u>Date Payment Transaction</u>	<u>Denial Determination Date</u>
09105BF8564	04/17/2009	04/21/2009	04/21/2009	N/A
09114BB8783	05/8/2009	05/25/2009	05/25/2009	05/08/2009
09168482805	06/19/2009	06/20/2009	N/A	06/18/2009
09143870091	06/2/2009	06/03/2009	N/A	06/01/2009
09126771308	05/26/2009	N/A	N/A	05/26/2009
09072BC3849	03/13/2009	N/A	N/A	03/13/2009

E. Review of WGS Claims Run-Out Data

As noted above, the examiners requested and the Companies provided additional data containing WGS claims with dates of service between 1/1/2009 and 6/30/2009, and payments occurring between 7/1/2009 and 12/19/2009 (“WGS Claims Run-out Data”). The Companies provided 1,002,291 claims that met these criteria. Below is a summary of the number of days used to process these claims.

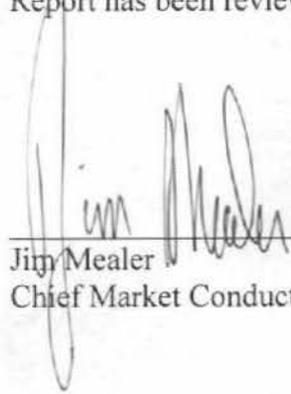
RUNOUT WGS DATA

<u>Days to process</u>	<u>No. of Claims</u>	<u>Pct. of Claims</u>
0 – 30	651,303	64.98%
30 – 59	87,104	8.69%
60 – 89	57,244	5.71%
90 – 120	58,645	5.85%
Over 120	147,995	14.77%



EXAMINATION REPORT SUBMISSION

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of HMO Missouri (NAIC #95358) and Healthy Alliance Life Insurance Company (NAIC #78972), Examination Numbers 0909-26-TGT and 0909-27-TGT. This examination was conducted by Michael D. Gibbons, Gary Land, and Walter Guller. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated May 21, 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

2/14/2013

Date