MARKET CONDUCT REPORT ON EXAMINATION

OF

MVP HEALTH PLAN, INC.

MVP HEALTH INSURANCE COMPANY

MVP HEALTH SERVICES CORPORATION

AS OF

DECEMBER 31, 2007

DATE OF REPORT	**OCTOBER 7, 2010**
EXAMINER	**JEFFREY USHER**

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STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NY 10004

David A. Paterson
Governor

James J. Wrynn
Superintendent

October 7, 2010

Honorable James J. Wrynn
Superintendent of Insurance
Albany, New York 12257

Sir:

Pursuant to the provisions of the New York Insurance Law and acting in accordance with the instructions contained in Appointment Numbers 22766 and 22767, dated May 14, 2009 and Appointment Number 22768 dated May 29, 2009, annexed hereto, I have made an examination into the affairs of MVP Health Plan, Inc., a not-for-profit health maintenance organization licensed pursuant to the provisions of Article 44 of the New York Public Health Law; MVP Health Insurance Company, a for-profit accident and health stock company licensed pursuant to the provisions of Article 42 of the New York Insurance Law; and MVP Health Services Corporation, a not-for-profit health service corporation licensed pursuant to Article 43 of the New York Insurance Law, as of December 31, 2007, and submit the following report thereon.

The examination was conducted at the home office of MVP Health Care, Inc., the ultimate parent company of the three affiliated companies under this examination, located at 625 State Street, Schenectady, New York.

Wherever the designations “MVPHP” or the “HMO” appear herein, without qualification, they should be understood to indicate MVP Health Plan, Inc.

Wherever the designation “MVPHIC” appears herein, without qualification, it should be understood to indicate MVP Health Insurance Company.

Wherever the designation, “MVPHSC” appears herein, without qualification, it should be understood to indicate MVP Health Services Corporation.

Wherever the designations “MVP” or “the MVP Companies” appear herein, without qualification, they should be understood to refer to MVP Health Plan, Inc., MVP Health Insurance Company and MVP Health Services Corporation, collectively.

Wherever the designation, the “Department” appears herein, without qualification, it should be understood to indicate the New York State Insurance Department.

A concurrent market conduct examination was made of Rochester Area Health Maintenance Organization and Preferred Assurance Company, Inc. (affiliates of MVPHP, MVPHIC and MVPHSC). A separate report thereon will be submitted.

1. SCOPE OF THE EXAMINATION

The previous market conduct examinations of the MVP Companies were conducted as a component of separate combined (financial and market conduct) examinations of MVPHP, MVPHIC and MVPHSC, as of December 31, 2003. This market conduct examination covers the four-year period from January 1, 2004 through December 31, 2007. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

This report on examination is confined to comments on those matters which involve departures from laws, regulations or rules, or which are deemed to require explanation or description.

A review was also made to ascertain what actions were taken by the MVP Companies with regard to the comments and recommendations (related to market conduct items) contained in the prior reports on examination.

Separate examinations of the financial condition of the MVP Companies were conducted, as of December 31, 2007. The resulting reports on examination were filed on April 29, 2009 for MVP Health Insurance Company, June 8, 2009 for MVP Health Plan, Inc. and June 30, 2009 for MVP Health Services Corporation.

2. EXECUTIVE SUMMARY

The results of the examinations revealed certain operational deficiencies that indicated areas of weakness and/or directly impacted MVP's compliance with the New York Insurance Law, the New York Public Health Law and Department regulations.

The most significant findings relative to the examinations include the following:

- The policy benefits forms issued by MVPHIC and MVPHP relative to their wellness programs were not filed with the superintendent prior to the implementation of such wellness programs, as required by Sections 3201(b)(1) and 4308(a) of the New York Insurance Law.

- MVP did not maintain written procedures for appointing its agents/brokers. In this regard, MVP did not notify the Department of MVP's appointments and terminations of agents, in violation of the requirements of Section 2112 of the New York Insurance Law.

- MVP's termination of coverage notices did not comply with the requirements prescribed by Part 55.2 of Department Regulation No. 78 (11 NYCRR 55.2).

- The Explanation of Benefits (EOBs) used for pharmacy claims by Medco Health Solutions, Inc. (Medco), a third party administrator that processes pharmacy claims on behalf of MVP, were not in compliance with the requirements of Section 3234(b) of the New York Insurance Law. Such EOBs did not properly disclose the appeal language required by Section 3234(b) of the New York Insurance Law.

The examination findings are described in greater detail within this report.

3. DESCRIPTION OF THE COMPANIES

MVP Health Plan, Inc.

MVP Health Plan, Inc. was incorporated on July 30, 1982, pursuant to Section 402 of the New York Not-For-Profit Corporation Law for the purpose of operating as a health maintenance organization (HMO), as such term is defined in Article 44 of the New York Public Health Law. MVPHP is a federally qualified HMO. The incorporators of the HMO were the board of directors of the Schenectady County Foundation for Medical Care, Inc., a non-profit physicians' association. Simultaneously with the incorporation of the HMO, the incorporators formed Mohawk Valley Medical Associates, Inc., a non-profit independent practice association (IPA), pursuant to Section 402 of the New York Not-For-Profit Corporation Law.

MVP Health Plan, Inc. is an IPA model HMO. On March 8, 1982, the HMO and Mohawk Valley Medical Associates, Inc. contracted, through an "IPA Service Agreement" to work together to provide for the administration of a comprehensive prepaid program of health care and for the delivery of health services. Subsequently, the HMO made similar arrangements with other independent practice associations to achieve the same goal.

MVP Health Insurance Company

MVP Health Insurance Company was incorporated on April 24, 2000, as a for-profit accident and health insurer pursuant to Section 1201 of the New York Insurance

Law. MVPHIC was licensed in June of 2001, to write insurance business as defined under Section 1113(a)(3) of the New York Insurance Law (accident and health).

MVPHIC began operations by delivering health care services in the State of New York, in July 2001. MVPHIC received approval from the State of Vermont Insurance Department to operate as an accident and health insurer in the State of Vermont on May 1, 2002.

MVPHIC issued 60,000 shares of $5.00 par value per share capital stock on December 14, 2000, for a sale price of $5.00 per share, resulting in a total consideration of $300,000. Also on December 14, 2000, MVPHIC received a capital/surplus contribution of $3,700,000 from its Parent, MVPHIC Holding Corporation. In early 2002, the State of Vermont Insurance Department required an additional infusion of capital in order to issue a license to MVPHIC. Therefore, MVPHIC's paid in capital increased from $300,000 to $2,000,000 as a result of the sale of an additional 340,000 shares at $5.00 par and sale value per share on February 11, 2002, to its Parent, and the sole shareholder of its outstanding stock, MVPHIC Holding Corporation.

Prior to January, 2006, MVPHIC was a wholly-owned subsidiary of MVPHIC Holding Corporation, which was a wholly-owned subsidiary of MVP Health Plan, Inc. (MVPHP).

On January 6, 2006, MVPHP combined with Preferred Care, Inc. (PC). Under the terms of an agreement, MVPHP and PC reorganized their respective enterprises under a holding company structure with MVP Health Care, Inc. established as the ultimate parent company.

MVP Health Services Corporation

MVP Health Services Corporation incorporated on October 8, 1992 and filed its Certificate of Incorporation with the New York Department of State on October 16, 1992.

MVPHSC was incorporated pursuant to Section 402 of the New York Not-for-Profit Corporation Law and licensed under Article 43 of the New York Insurance Law as a not-for-profit health services corporation. MVPHSC provides health insurance to indemnify subscribers for the cost of dental services provided to them.

MVPHSC is a type D Corporation as defined in Section 201 of the Not-for-Profit Corporation Law. Pursuant to its by-laws, MVPHSC has one member only, which is MVPRT Holdings, Inc. MVPRT Holdings, Inc. is a wholly-owned subsidiary of MVPHIC Holding Corp. MVPHIC Holding Corp. is a wholly-owned subsidiary of the ultimate parent, MVP Health Care, Inc.

4. POLICY BENEFITS FORMS

Section 3201(b)(1) of the New York Insurance Law states in part:

> "No policy form shall be delivered or issued for delivery in this state unless it has been filed with and approved by the superintendent as conforming to the requirements of this chapter and not inconsistent with law…"

Section 4308(a) of the New York Insurance Law states in part:

> "No corporation subject to the provisions of this article shall enter into any contract unless and until it shall have filed with the superintendent a copy of the contract or certificate and of all applications, riders and endorsements for use in connection with the issuance or renewal thereof, to be formally approved by him as conforming to the applicable provisions of this article and not inconsistent with any other provision of law applicable thereto…"

Effective January 1, 2008, MVPHIC began offering the following wellness programs:

- TriVantage - Exclusive Provider Organization product - members may receive up to a maximum of $300/per year for certain stated wellness activities (health fitness club, swimming lessons, driver training, etc.).

- Preferred - Exclusive Provider Organization (EPO) and Preferred Provider Option network (PPO) products and the TriVantage EPO products - wellness feature allows members to earn up to a maximum $300/per year through participation within certain established wellness programs as listed on MVP's website.

In addition, effective January 1, 2009, MVPHP provided up to a $50/per year "Health dollars" for the New York State Health Insurance Program (NYSHIP) and Federal Employees Health Benefits Program (FEHBP) HMO products.

MVPHIC and MVPHP failed to file the above-mentioned wellness program policy forms with the Superintendent of Insurance, as required by Sections 3201(b)(1) and 4308(a) of the New York Insurance Law, prior to their use, . .

It was noted that Section 3239 of the New York Insurance Law, which addresses the establishment of wellness programs in conjunction with the issuance of a group accident and health policy or group subscriber contract, became effective on September 25, 2008. MVPHIC and MVPHP filed and received approval of its amended policy forms that reflected the wellness programs for the policy period immediately subsequent to the enactment of Section 3239.

It is recommended that MVPHIC and MVPHP, in the future, file their policy benefits forms with the Department, in compliance with the requirements of Sections 3201(b)(1) and 4308(a) of the New York Insurance Law. Further, it is recommended that MVPHIC and MVPHP refrain from issuing any policy benefits forms that have not been approved by the Department.

The following chart depicts the number of groups for which wellness programs were sold:

		Wellness Prog. ID			No. of	No. of

Company	Product	1. Web MD rewards 2. TriVantage $300 Credit 3 $50 Healthdollars	No. of Groups	No. of Members	NYSHIP 2009 Report	FEHBP 2009 Report
MVPHIC	Preferred EPO	1	723	20,272		
MVPHIC	Preferred PPO	1	254	7,369		
MVPHIC	TriVantage EPO	1,2	115	4,662		
MVPHIC	Preferred High Deductible EPO	1	146	1,535		
MVPHIC	Preferred High Deductible PPO	1	26	269		
MVPHP	Direct Access HMO Continuation of Coverage	3			8,534	
MVPHP	FEHBP HMO	3				22,598

5. AGENTS AND BROKERS

Section 2112(a) of the New York Insurance Law states:

> "Every insurer, fraternal benefit society or health maintenance organization doing business in this state shall file a certificate of appointment in such form as the superintendent may prescribe in order to appoint insurance agents to represent such insurer, fraternal benefit society or health maintenance organization."

Section 2112(d) of the New York Insurance Law states in part:

> "Every insurer, fraternal benefit society or health maintenance organization… doing business in this state shall, upon termination of the certificate of appointment... file with the superintendent within thirty days a statement, in such form as the superintendent may prescribe, of the facts relative to such termination for cause..."

For the years under examination, MVP did not maintain any procedures for the appointment of its agents and brokers.

During the examination period, if certain agents sold health insurance for other insurance companies, MVP used their services, but did not appoint them as MVP agents. Thus, MVP did not notify the Superintendent of Insurance of the agents' appointments or, if applicable the terminations of these agents. In 2007, MVP was represented by 342 licensed agents that were not appointed, as required by Section 2112(a) of the New York Insurance Law. Further, MVP failed to file agent termination notices with the Superintendent, as required by Section 2112(d) of the New York Insurance Law.

It is recommended that MVP comply with the requirements of Sections 2112(a) and 2112(d) of the New York Insurance Law and notify the Department of all appointments and terminations of its agents.

6. TERMINATION OF COVERAGE NOTICES

MVP's termination of coverage notice did not include any of the required information specified by Part 55.2 of Department Regulation No. 78 (11 NYCRR 55.2).

Part 55.2 of Department Regulation No. 78 (11 NYCRR 55.2) states in part:

> "(a) An insurer who intends to terminate a group policy or contract of accident, or health, or accident and health insurance issued to a policyholder, covering individuals who because of their employee status are certificate holders under a group policy shall give the policyholder at least 30 days prior written notice of its intent to terminate coverage. The notice to the policyholder shall set forth in detail the policyholder's obligation under Labor Law, section 217, and under this Part, to notify each certificate holder resident in New York State of the intended termination of the group policy.
>
> (b) In its notice of intent to terminate coverage, the insurer shall set forth in full the rights of the certificate holders under the terminating policy as to coverage for illness, accident and treatment occurring prior to and subsequent to the termination date, and such other rights of

certificate holders as may exist under the contract or policy (e.g., conversion rights).

(c) The insurer shall advise the policyholder that the policyholder must give written notice of the intended termination to each certificate holder resident in New York State insured under the group policy by hand-delivering or mailing to the certificate holder a copy of the insurer's notice of termination and a covering letter advising the certificate holders of the intended termination.

(d) The insurer shall advise the policyholder that the policyholder's notice to the certificate holder shall be either:

(1) hand-delivered by the policyholder to the certificate holder at the certificate holder's place of employment (e.g., by including the notice in the certificate holder's pay envelope) at least nine days prior to the intended date of termination; or (2) mailed by the policyholder to each certificate holder at the certificate holder's last known residential address at least nine days prior to the intended date of termination.

(e) The insurer shall advise the policyholder that the policyholder must also post a copy of the insurer's notice of intent to terminate and the required covering letter in conspicuous locations chosen as most likely to give notice to the certificate holders. The notice shall be posted at least nine days prior to the intended date of termination.

(f) The insurer shall advise the policyholder that in accordance with the provisions of Labor Law, section 217(4), the provisions of this Part and Labor Law, section 217(3) shall not be deemed to apply if, at least 10 days prior to the date of the intended termination, as specified in the insurer's notice of intent to terminate the policyholder has:

(1) taken necessary steps whereby the intended termination is rendered null and void; or

(2) contracted with another insurer to replace the existing insurer for the providing of similar coverage for the same certificate holders, and filed an affidavit with the Commissioner of Labor and Superintendent of Insurance to that effect..."

It was determined that MVP sent such incorrect termination of coverage notices to 418 groups in 2007.

It is recommended that MVP revise its termination of coverage notices to include all of the information required by Part 55.2 of Department Regulation No. 78 relative to termination notices.

7. RECORD RETENTION

Part 243.2(b)(2) of Department Regulation No. 152 (11 NYCRR 243.2(b)(2)) states in part:

> "… an insurer shall maintain… an application where no policy or contract was issued for six calendar years or until after the filing of the report on examination in which the record was subject to review, whichever is longer."

It was noted that MVP was unable to provide the examiner with the applications relative to large and/or small groups that were rejected or denied health care coverage during the examination period.

It is recommended that MVP maintain its policy applications in compliance with the requirements of Part 243(b)(2) of Department Regulation No. 152.

8. EXPLANATION OF BENEFITS NOTICES – PHARMACY CLAIMS

Section 3234(b)(7) states in part:

> "(b) The explanation of benefits form must include at least the following:…
>
> (7) a telephone number or address where an insured or subscriber may obtain clarification of the explanation of benefits, as well as a description of the time limit, place and manner in which an appeal of a denial of benefits must be brought under the policy or certificate and a notification that failure to comply with such requirements may lead to forfeiture of a consumer's right to challenge a denial or rejection, even when a request for clarification has been made."

Effective January 1, 2007, Medco Health Solutions, Inc. (Medco) provided prescription drug benefit programs to MVP's members on behalf of MVP. In this regard, Medco established networks of participating retail pharmacies and operated a claims system for processing the payment of prescription drug claims and the issuance of explanation of benefits statements (EOBs).

A review of the explanation of benefits statements issued by Medco revealed that Medco did not include the requisite language required by Section 3234(b)(7) of the New York Insurance Law. A review of the EOBs issued for prescription drug claims which were denied by Medco revealed 2,132 violations of Section 3234(b)(7) of the New York Insurance Law in 2007.

It is recommended that MVP ensure that all EOBs that are issued to its subscribers, including EOBs that are issued on behalf of MVP to its subscribers by Medco Health Solutions, Inc., include all of the information required by Section 3234(b)(7) of the New York Insurance Law.

9. PROMPT PAY LAW

Section 3224-a of the New York Insurance Law, "Standards for prompt, fair and equitable settlement of claims for health care and payments for health care services" (Prompt Pay Law), requires all insurers to pay undisputed claims within forty-five days of receipt (Section 3224-a(a)). If such undisputed claims are not paid within forty-five days of receipt, interest may be payable (Section 3224-a(c)).

Section 3224-a(a) of the New York Insurance Law states in part:

> "…(a) Except in a case where the obligation of an insurer or an organization or corporation licensed or certified pursuant to article forty-three of this chapter or article forty-four of the public health law to pay a claim submitted by a policyholder or person covered under such policy or make a payment to a health care provider is not reasonably clear, or when there is a reasonable basis supported by specific information available for review by the superintendent that such claim or bill for health care services rendered was submitted fraudulently, such insurer or organization or corporation shall pay the claim…within 45 days of receipt of a claim or bill for services rendered."

Section 3224-a(c) of the New York Insurance Law states in part:

> "…(c) Each claim or bill for health care services processed in violation of this section shall constitute a separate violation. In addition to the penalties provided in this chapter, any insurer or organization or corporation that fails to adhere to the standards contained in this section shall be obligated to pay to the health care provider or person submitting the claim, in full settlement of the claim or bill for health care services, the amount of the claim or health care payment plus interest on the amount of such claim or health care payment of the greater of the rate equal to the rate set by the commissioner of taxation and finance for corporate taxes pursuant to paragraph one of subsection (e) of section one thousand ninety-six of the tax law or twelve percent per annum, to be computed from the date the claim or health care payment was required to be made. When the amount of interest due on such a claim is less than two dollars, an insurer or organization or corporation shall not be required to pay interest on such claim."

A statistical sample of claims not adjudicated within 45 days of receipt by the MVP Companies was reviewed to determine whether the claim was processed in violation of the timeframe requirements of Section 3224-a(a) of the New York Insurance Law ("NYIL"), and if interest was required and appropriately paid pursuant to Section 3224-a(c) of the NYIL. Accordingly, all claims that were paid after 45 days of receipt during the period January 1, 2007 through December 31, 2007 were segregated. A statistical sample of this population was then selected to determine whether the claims were subject to interest, and whether such interest was properly calculated.

A "claim" is defined by MVP as the total number of items submitted on a single claim form, to which MVP assigns a unique number.

A random statistical sample was drawn for each entity. It should be noted that for the purpose of this analysis, medical costs characterized by MVP as "Pharmacy", "Medicare/Medicaid", "Capitated Payments", "Federal Employees Program" and "HCRA bulk payments" were excluded from the examiner's review.

The sample size for MVPHP and MVPHIC was each comprised of 167 randomly selected unique claims. The sample size for MVPHSC was comprised of 155 claims as this was the entire population of claims paid more than 45 days after receipt. In total, 489 claims were selected for this review.

The following charts illustrate the MVP Companies' compliance with the Prompt Pay Law, as determined by this examination:

MVPHP - Summary of Violations of Section 3224-a(a) of the New York Insurance Law

	Hospital and Medical claims
Total population	2,268,437
Population of claim transactions paid after 45 days of receipt	77,389
Sample size	167
Number of claims with violations	8
Calculated violation rate	**4.79%**
Lower violation limit	1.55%
Upper violation limit	8.03%
Calculated claims in violation	**3,707**
Lower limit transactions in violation	1,200
Upper limit transactions in violation	6,214

Note: The upper and lower violation limits represent the range of potential violations (e.g., if 100 samples were selected, the rate of violation would fall between these limits 95 times).

Of the 8 claims found to be in violation of Section 3224-a(a), no claims were found to be in violation of Section 3224-a(c).

MVPHIC - Summary of Violations of Section 3224-a(a) of the New York Insurance Law

	Hospital and Medical claims
Total population	87,783
Population of claim transactions paid after 45 days	1,027
Sample size	167
Number of claims with violations	11
Calculated violation rate	**6.59%**
Lower violation limit	2.82%
Upper violation limit	10.35%
Calculated claims in violation	**68**
Lower limit transactions in violation	29
Upper limit transactions in violation	106

Note: The upper and lower violation limits represent the range of potential violations (e.g., if 100 samples were selected, the rate of violation would fall between these limits 95 times).

Of the 11 claims found to be in violation of Section 3224-a(a), there were no violations of Section 3224-a(c) noted.

MVPHSC - Summary of Violations of Section 3224-a(a) of the New York Insurance Law

	Dental claims
Total population	21,155
Population of claim transactions paid after 45 days of receipt	155
Sample size	155
Number of claims with violations	4
Calculated violation rate	**2.58%**
Lower violation limit	N/A
Upper violation limit	N/A
Calculated claims in violation	**4**
Lower limit transactions in violation	N/A
Upper limit transactions in violation	N/A

Note: The upper and lower violation limits represent the range of potential violations (e.g., if 100 samples were selected, the rate of violation would fall between these limits 95 times).

Of the 4 claims found to be in violation of Section 3224-a(a), there were no violations of Section 3224-a(c) noted.

It should be noted that the extrapolated number of violations relates to the population of claims used for the sample, which consisted of only those claims adjudicated over forty-five days from receipt which were adjudicated during the period January 1, 2007 through December 31, 2007.

The population of claims paid after forty-five days from the date of receipt for MVPHP consisted of 93,751 medical and hospital claims combined, out of 2,268,437 medical and hospital claims processed, during the period under review.

The population of claims paid after forty-five days from the date of receipt for MVPHIC consisted of 1,027 medical and hospital claims combined, out of 87,783 medical and hospital claims processed, during the period under review.

The population of claims paid after forty-five days from the date of receipt for MVPHSC consisted of 155 dental claims, out of 21,155 dental claims processed, during the period under review.

It is recommended that MVP take steps to ensure full compliance with the provisions of Section 3224-a(a) of the New York Insurance Law regarding the prompt payment of claims.

A review was also performed as to the manner and time frame in which MVP processed the denial of claims or requested additional information needed to process a claim.

Section 3224-a(b) of the New York Insurance Law states in part:

> "…(b) In a case where the obligation of an insurer or an organization or corporation licensed or certified pursuant to article forty-three of this chapter or article forty-four of the public health law to pay a claim or make a payment for health care services rendered is not reasonably

> clear due to a good faith dispute regarding the eligibility of a person for coverage, the liability of another insurer or corporation or organization for all or part of the claim, the amount of the claim, the benefits covered under a contract or agreement, or the manner in which services were accessed or provided, an insurer or organization or corporation shall pay any undisputed portion of the claim in accordance with this subsection and notify the policyholder, covered person or health care provider in writing within thirty calendar days of the receipt of the claim:
>
> (1) that it is not obligated to pay the claim or make the medical payment, stating the specific reasons why it is not liable; or
>
> (2) to request all additional information needed to determine liability to pay the claim or make the health care payment.
>
> Upon receipt of the information requested in paragraph two of this subsection or an appeal of a claim or bill for health care services denied pursuant to paragraph one of this subsection, an insurer or organization or corporation licensed pursuant to article forty-three of this chapter or article forty-four of the public health law shall comply with subsection (a) of this section."

A statistical sample of claims that were denied more than 30 calender days after receipt by the MVP Companies was reviewed to determine whether the denial was in violation of the timeframe requirements of Section 3224-a(b) of the New York Insurance Law. Accordingly, all claims that were denied after 30 calendar days of receipt during the period January 1, 2007 through December 31, 2007, were segregated. A statistical sample of this population was then selected to determine whether the claims were properly denied, as required by statute.

The following charts illustrate MVP's compliance with Section 3224-a(b) of the New York Insurance Law, as determined by this examination:

MVPHP - Summary of Violations of Section 3224-a(b) of the New York Insurance Law

	Hospital and Medical claims
Total population	2,268,437
Population of claims denied after 30 calendar days of receipt	55,555
Sample size	167
Number of claims with violations	12
Calculated violation rate	**7.19%**
Lower violation limit	3.27%
Upper violation limit	11.10%
Calculated claims in violation	**3,994**
Lower limit transactions in violation	1,816
Upper limit transactions in violation	6,168

Note: The upper and lower violation limits represent the range of potential violations (e.g., if 100 samples were selected, the rate of violations would fall between these limits 95 times).

MVPHIC - Summary of Violations of Section 3224-a(b) of the New York Insurance Law

	Hospital and Medical claims
Total population	87,783
Population of claims denied after 30 calendar days of receipt	3,538
Sample size	167
Number of claims with violations	14
Calculated violation rate	**8.38%**
Lower violation limit	4.18%
Upper violation limit	12.59%
Calculated claims in violation	**296**
Lower limit transactions in violation	148
Upper limit transactions in violation	445

Note: The upper and lower violation limits represent the range of potential violations (e.g., if 100 samples were selected, the rate of violations would fall between these limits 95 times).

MVPHSC - Summary of Violations of Section 3224-a(b) of the New York Insurance Law

	Dental claims
Total population	21,155
Population of claims denied after 30 calendar days of receipt	293
Sample size	167
Number of claims with violations	5
Calculated violation rate	**2.99%**
Lower violation limit	0.41%
Upper violation limit	5.58%
Calculated claims in violation	**9**
Lower limit transactions in violation	1
Upper limit transactions in violation	16

Note: The upper and lower violation limits represent the range of potential violations (e.g., if 100 samples were selected, the rate of violation would fall between these limits 95 times).

It is noted that the extrapolated number of violations relates to the population of claims used for the sample, which consisted of only those claims that were denied more than thirty calendar days after receipt.

The population of claims denied more than thirty calendar days from the date of receipt for MVPHP consisted of 55,555 medical and hospital claims combined, out of 2,268,437 medical and hospital claims processed, during the period under review.

The population of claims denied more than thirty calendar days from the date of receipt for MVPHIC consisted of 3,538 medical and hospital claims combined, out of 87,783 medical and hospital claims processed, during the period under review.

The population of claims denied more than thirty days from the date of receipt for MVPHSC consisted of 293 dental claims, out of 21,155 dental claims processed, during the period under review.

It is recommended that MVP take steps to ensure full compliance with the provisions of Section 3224-a(b) of the New York Insurance Law regarding the denial of claims and requests for additional claim information.

10. COMPLIANCE WITH PRIOR REPORTS ON EXAMINATION

The prior reports on examination included eleven (11) market conduct related recommendations detailed as follows (page number refers to the prior report on examination):

ITEM NO.		PAGE NO.
	MVPHP	
1.	It is recommended that the HMO require all national account groups to sign, on their anniversary dates, the current form of contracts which reflects the group's current provided coverage.	37
	MVP has complied with this recommendation.	
2.	It is recommended that the HMO report on its annual statement, the earned premium and claims expenses broken down into large groups, small groups and individuals in accordance with the New York State, annual statement supplement instructions.	37
	MVP has complied with this recommendation.	
3.	It is recommended that the HMO seek advance approval of the Superintendent of Insurance before making any changes to its experience rating formula in accordance with Section 4308(b) of the New York Insurance Law.	38
	MVP has complied with this recommendation.	
4.	It is recommended that the HMO adhere to its stated policy for non payment of premium terminations for all groups.	39
	MVP has complied with this recommendation.	
5.	It is recommended that the HMO keep supporting documentation of terminated individual accounts as required by New York State Insurance Department Regulation No. 152 (11 NYCRR 243).	40
	MVP has not complied with this recommendation. A similar recommendation is contained herein.	

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	MVPHP continued	
6.	It is recommended that the HMO improve its internal claim procedures to ensure full compliance with Section 3224-a(a),(b) and (c) of the New York Insurance Law. *Although the results of the prompt pay review conducted during this examination did indicate improvement on the part of the HMO with regard to compliance with Section 3224-a(a),(b) and (c) of the New York Insurance Law, a similar recommendation is included within this report on examination with regard to compliance with Section 3224-a(a) and (b) of the New York Insurance Law.*	**45**
7.	The HMO failed to issue EOBs to some members as required by Section 3234 (a) and (b) of the New York Insurance Law. *MVP has complied with this recommendation.*	47
8.	It is recommended that the HMO issue EOBs that include all of the requisite information required by Section 3234(a) and (b), of the New York Insurance Law. Accordingly, the subscribers will be properly informed of their appeal rights and how their claims are processed. *MVP has not complied with this recommendation. A similar recommendation is contained herein.*	47
	MVPHIC	
9.	It is recommended that the Company adhere to its stated policy for non payment of premium terminations for all groups. *MVP has complied with this recommendation.*	27
10.	It is recommended that the Company improve its internal claim procedures to ensure full compliance with Section 3224-a(a),(b) and (c) of the New York Insurance Law. *Although the results of the prompt pay review conducted during this examination did indicate improvement on the part of the Company with regard to compliance with Section 3224-a(a),(b) and (c) of the New York Insurance Law, a similar recommendation is included within this report on examination relative to compliance with Section 3224-a(a) and (b) of the New York Insurance Law.*	32

ITEM NO.		PAGE NO
11.	It is recommended that the Company issue EOBs that include all of the requisite information required by Section 3234(a) and (b), of the New York Insurance Law. Accordingly, subscribers will be properly informed of their appeal rights and how their claims are processed. *MVP has not complied with this recommendation. A similar recommendation is contained herein.*	34

11. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Policy Benefits Forms	
	It is recommended that MVPHIC and MVPHP, in the future, file their policy benefits forms with the Department, in compliance with the requirements of Section 3201(b)(1) of the New York Insurance Law. Further, it is recommended that MVPHIC and MVPHP refrain from issuing any policy benefits forms that have not been approved by the Department.	9
B.	Agents and Brokers	
	It is recommended that MVP comply with the requirements of Sections 2112(a) and (d) of the New York Insurance Law and notify the Department of all appointments and terminations of its agents.	10
C.	Termination of Coverage Notices	
	It is recommended that MVP revise its termination of coverage notices to include all of the information required by Part 55.2 of Department Regulation No. 78 relative to termination notices.	12
D.	Record Retention	
	It is recommended that MVP maintain its policy applications in compliance with the requirements of Part 243(b)(2) of Department Regulation No. 152.	12
E.	Explanation of Benefits Notices – Pharmacy Claims	
	It is recommended that MVP ensure that all EOBs that are issued to its subscribers, including EOBs that are issued on behalf of MVP to its subscribers by Medco Health Solutions, Inc., include all of the information required by Section 3234(b)(7) of the New York Insurance Law.	14
F.	Prompt Pay Law	
i.	It is recommended that MVP take steps to ensure full compliance with the provisions of Section 3224-a(a) of the New York Insurance Law regarding the prompt payment of claims.	18

ITEM		PAGE NO.
	ii. It is recommended that MVP take steps to ensure full compliance with the provisions of Section 3224-a(b) of the New York Insurance Law regarding the denial of claims and requests for additional claim information.	22

Appointment No. 22766

STATE OF NEW YORK
INSURANCE DEPARTMENT

I, **Eric R. Dinallo** , Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

Jeffrey Usher

as a proper person to examine into the affairs of the

MVP Health Plan, Inc.

and to make a report to me in writing of the condition of the said

Plan

with such information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name and affixed the official Seal of this Department, at the City of New York.

this 14th day of May, 2009

Eric R. Dinallo
Superintendent of Insurance

Appointment No. 22767

STATE OF NEW YORK
INSURANCE DEPARTMENT

I, **Eric R. Dinallo**, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

Jeffrey Usher

as a proper person to examine into the affairs of the

MVP Health Insurance Company.

and to make a report to me in writing of the condition of the said

Company

with such information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name and affixed the official Seal of this Department, at the City of New York.

this 14th day of May, 2009

Eric R. Dinallo
Superintendent of Insurance

Appointment No. 22768

STATE OF NEW YORK
INSURANCE DEPARTMENT

I, **Eric R. Dinallo** , Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

Jeffrey Usher

as a proper person to examine into the affairs of the

MVP Health Service Coorporation

and to make a report to me in writing of the condition of the said

Corporation

with such information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name and affixed the official Seal of this Department, at the City of New York.

this 29th day of May, 2009

Eric R. Dinallo
Superintendent of Insurance