

MARKET CONDUCT REPORT ON EXAMINATION

OF

HEALTHNOW NEW YORK INC.

AS OF

DECEMBER 31, 2013

DATE OF REPORT

FEBRUARY 15, 2017

EXAMINER

TOMMY KONG, CFE

TABLE OF CONTENTS

| <u>ITEM NO.</u> | | <u>PAGE NO.</u> |
|-----------------|---|-----------------|
| 1. | Scope of the examination | 2 |
| 2. | Description of the Plan | 2 |
| 3. | Agents and brokers | 3 |
| | A. Licensing | 4 |
| | B. Certificates of appointment | 4 |
| | C. Notices of producer termination | 6 |
| 4. | Complaint log | 7 |
| 5. | Declination practices | 8 |
| 6. | Grievances | 9 |
| 7. | Utilization review | 9 |
| | A. Acknowledgment review | 9 |
| 8. | Prompt Pay Law | 10 |
| 9. | Review of medical loss ratio reporting form and supplemental healthcare filing | 13 |
| 10. | Compliance with prior report on examination | 15 |
| 11. | Summary of comments and recommendations | 18 |



NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

February 15, 2017

Honorable Maria T. Vullo
Superintendent of Financial Services
Albany, New York 12257

Madam:

Pursuant to the requirements of the New York Insurance Law, and acting in accordance with the instructions contained in Appointment Number 31078, dated November 19, 2013, attached hereto, I have made an examination into the affairs of HealthNow New York Inc., a not-for-profit health service corporation licensed pursuant to the provisions of Article 43 of the New York Insurance Law, as of December 31, 2013, and respectfully submit the following report thereon.

The examination was conducted at the home office of HealthNow New York Inc., located at 257 West Genesee Street, Buffalo, New York.

Wherever the designations the “Plan” or “HealthNow” appear herein, without qualification, they should be understood to indicate HealthNow New York Inc.

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

1. SCOPE OF THE EXAMINATION

The previous market conduct examination of HealthNow was conducted as of December 31, 2008. This market conduct examination of the Plan was performed to review the manner in which HealthNow conducts its business practices and fulfills its contractual obligations to policyholders and claimants, and covers the five-year period from January 1, 2009 through December 31, 2013. Transactions occurring subsequent to December 31, 2013 were reviewed where deemed appropriate by the examiner.

This report on examination contains the significant findings of the examination and is confined to comments on those matters which involve departures from laws, regulations or rules, or which are deemed to require an explanation or description. The examiner reviewed the corrective actions taken by the Plan with respect to the recommendations contained in the prior market conduct report on examination. The results of the examiner's review are contained in Item No. 11 of this report.

A concurrent examination regarding the financial condition of HealthNow New York Inc. was conducted by the Department as of December 31, 2013. A separate report on examination was issued on August 23, 2016.

2. DESCRIPTION OF THE PLAN

HealthNow New York Inc. is a not-for-profit health service corporation organized under the provisions of the Membership Corporation Law and Article 43 of the New York Insurance Law. The Plan was incorporated in the State of New York on September 9, 1939, and commenced business on March 15, 1940. The Plan is a 100% controlled subsidiary of

HealthNow Systems, Inc. (“HNS”), a New York non-profit corporation and a non-operating holding company. HNS is the sole member of the Plan.

The Plan established operations in the Albany, New York area as a separate division pursuant to its merger with Whole Health Insurance Network Inc. on December 30, 1992. Concurrent with the date of the merger through May 1, 1996, the Plan operated under the corporate name, Blue Cross and Blue Shield of Western New York, Inc. The Plan subsequently effected name changes to New York Care Plus Insurance Company and its present name of HealthNow New York Inc. on May 2, 1996 and October 1, 1998, respectively.

As of December 31, 2013, the Plan operated under the names of Blue Cross and Blue Shield of Western New York within its Western New York division, HealthNow New York Inc. within its Central New York division, and Blue Shield of Northeastern New York within its Eastern New York division. On August 1, 1985, the Plan began the operations of Community Blue, a health maintenance organization authorized pursuant to Article 44 of the New York Public Health Law. Community Blue, an independent practice association model health maintenance organization, functions as a line of business of the Plan. The Plan’s health maintenance operations are marketed under the name “Community Blue” in the Buffalo, New York area and under the name “HealthNow” in the Albany, New York area.

3. AGENTS AND BROKERS

A list of agents and brokers (“producers”) representing each of HealthNow’s administrative locations was reviewed. The number of producers for the Buffalo, New York office location consisted of 396, while the Albany, New York office location consisted of 491.

A. Licensing

Two samples of producers (one sample representing the Buffalo office and the other representing the Albany office) were selected from the above mentioned list to determine if valid licenses were on file with the Plan. Each sample consisted of 40 producers.

Parts 243.2 of Insurance Regulation No. 152 (11 NYCRR 243.2) states:

“(a)...every insurer shall maintain its...producer licensing records...subject to examination by the superintendent, in accordance with the provisions of this Part.

(b) Except as otherwise required by law or regulation, an insurer shall maintain:

(5) A licensing record for six calendar years after the relationship is terminated for each Insurance Law licensee with which the insurer establishes a relationship. Licensing records shall be maintained so as to show clearly the dates of appointment and termination of each licensee.”

The Plan failed to maintain licenses for eight (8) out of forty (40) producers contained in the Buffalo sample.

It is recommended that HealthNow comply with Part 243.2 of Insurance Regulation No. 152 (11 NYCRR 243.2) by maintaining a copy of its producers’ license.

B. Certificates of Appointment

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.”

It was noted from a review of the Plan’s process of appointing producers that the Plan failed to comply with Section 2112 of the New York Insurance Law as follows:

- HealthNow failed to issue certificates of appointment; and
- HealthNow failed to file notices of appointment with the Department within fifteen (15) days from the date contracts were executed (or the first insurance application was submitted).

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

“To appoint a producer, the appointing insurer shall file, in a format approved by the superintendent, a notice of appointment within fifteen days from the date the agency contract is executed or the first insurance application is submitted.”

During the review of the Buffalo office sample, it was noted that the Plan failed to issue certificates of appointment for thirty-four (34) of the forty (40) producers, and failed to file with the Department a notice of appointment for eight (8) producers. During the review of the Albany office sample, it was noted that the Plan failed to issue certificates of appointment for thirty-one (31) of the forty (40) producers.

It is recommended that HealthNow comply with Section 2112(a) of the New York Insurance Law by issuing a certificate of appointment for all appointed producers.

The Plan has indicated that it has updated its processes with regard to agent appointments in accordance with Section 2112(a) of the New York Insurance Law.

It is also recommended that HealthNow ensure that certificates of appointment are filed with the Department within the time frame prescribed by Section 2112(b) of the New York Insurance Law.

A similar recommendation was included in the prior report on examination.

The Plan has indicated that it has updated its processes related to the filing of the certificates of appointments for newly appointed agents in compliance with Section 2112(b) of the New York Insurance.

C. Notices of Producer Termination

Two samples of terminated producers (one sample representing the Buffalo office and the other representing the Albany office) were also selected from the above mentioned list to determine whether the Plan had provided, within fifteen (15) days after notification was sent to the Department, a copy of such statement to the producer's last known address.

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

“Every insurer...doing business in this state shall, upon termination of the certificate of appointment as set forth in subsection (a) of this section of any insurance agent licensed in this state... The insurer...shall provide, within fifteen days after notification has been sent to the superintendent, a copy of the statement filed with the superintendent to the insurance producer at his, or her or its last known address by certified mail, return receipt requested, postage prepaid or by overnight delivery using a nationally recognized carrier.”

The Buffalo office sample consisted of twenty-nine (29) terminated producers. Of this sample, there was one (1) producer, the Plan failed to provide a copy of the termination statement filed with the Department to the producer's last known address. The Albany office sample consisted of forty (40) terminated producers. Of this sample, there were twelve (12) producers the Plan failed to provide a copy of the termination statement filed with the Department to the producer's last known address.

It is recommended that HealthNow provide, within fifteen (15) days after providing notification to the Department, a copy of the statement filed with the Department to the insurance producer's last known address, as required by Section 2112(d) of the New York Insurance Law.

It is noted that the Plan has indicated that it has updated its processes to bring itself into compliance with Section 2112(d) of the New York Insurance Law.

4. COMPLAINT LOG

In September 2013, HealthNow transitioned its complaint log from its database to a master spreadsheet used to tract complaints received from all regulatory agencies. As such, as of December 31, 2013, the Plan failed to maintain its complaint log fully in the manner prescribed by Insurance Circular Letter No. 11 (1978), which states in part:

“As part of its complaint handling function, the company’s consumer services department will maintain an ongoing central log to register and monitor all complaint activity. The log should be kept in a columnar form and list the following:

1. The date the complaint was received in-house.
2. The name of the complainant and the policy or claim file number.
3. The New York State Department of Financial Services file number.
4. The responsible internal division i.e. personal lines underwriting, property damage claims, etc.
5. The person in the company with whom the complainant has been dealing.
6. The person within the company to whom the matter has been referred for review.
7. The date of such referral.
8. Bearing in mind the appropriate regulation mandating timely substantive replies, the dates of correspondence to the Department Consumer Assistance Unit.
 - A. The acknowledgement (if any).
 - B. The date of any substantive response.
 - C. The chronology of further contacts with this Department.
9. The subject matter of the complaint.
10. The results of the complaint investigation and the action taken.
11. Remarks about internal remedial action taken as a result of the investigation.”

The Plan’s complaint log, at the time of examination did not include the above items 5, 6, 7 and 8(A).

It is recommended that HealthNow include all the required elements prescribed by Insurance Circular Letter 11 (1978) in its complaint log.

The Plan has indicated that its complaint log has been corrected to bring such complaint log into compliance with the requirements of Insurance Circular Letter No. 11 (1978).

5. DECLINATION PRACTICES

HealthNow does not have in place a formal declination practices policy. The Plan also does not maintain a file documenting when the Plan does not provide coverage to a prospective member, and provides no written communication to applicants stating the specific reason(s) for the declination.

Parts 243.2(b) of Insurance Regulation No. 152 (11 NYCRR 243.2) states in part:

- “(b) Except as otherwise required by law or regulation, an insurer shall maintain:
- (1) A policy record for each insurance contract or policy for six calendar years after the date the policy is no longer in force or until after the filing of the report on examination in which the record was subject to review, whichever is longer. Policy records need not be segregated from the policy records of other states as long as they are maintained in accordance with the provisions of this Part. A separate copy need not be maintained in an individual policy record, provided that any data relating to a specific contract or policy can be retrieved pursuant to Section 243.3(a) of this Part. A policy record shall include:
 - (iii) The contract or policy forms issued including the declaration pages, endorsements, riders, and termination notices of the contract or policy. Binders shall be retained if a contract or policy was not issued; and
 - (iv) Other information necessary for reconstructing the solicitation, rating, and underwriting of the contract or policy.
 - (2) 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.”

The 2013 NAIC Market Regulation Handbook Volume 1, Chapter 16, item e, titled Declination Practices requires that the *“applicant must be provided with a written, specific reason for the declination.”*

It is recommended that HealthNow maintain its declination files for the time frame prescribed by Part 243.2(b) of Insurance Regulation No. 152 (11 NYCRR 243.2(b)).

It is also recommended that HealthNow provide applicants with a written specific reason(s) for the declination.

6. GRIEVANCES

A list of grievances received by HealthNow in 2013 was reviewed. This grievance list was verified to the Plan's 2013 New York Supplement, Schedule M, Parts 2 and 3. It was noted that the totals reported in Schedule M, Part 2, lines 2, 3, 4 and 6, under columns 8 and 9, and in Part 3, lines 2, 3 and 4, under column 4, does not match the totals from the grievance list. According to the Plan, the reason for these discrepancies was that they mistakenly included grievances related to their ASO business in Schedule M, Parts 2 and 3 of the New York Supplement.

It is recommended that HealthNow prepare its Schedule M, Parts 2 and 3 in accordance with the instructions to the New York Supplement.

7. UTILIZATION REVIEW

To determine HealthNow's compliance with New York's utilization review mandates, a population of three hundred seventeen (317) utilization review cases between January 1, 2013 and December 31, 2013 were received.

A. Acknowledgment Review

The review revealed that from the total population of three hundred seventeen (317) utilization reviews received in 2013, there were eleven (11) occurrences where the Plan failed to provide a written acknowledgment for an appeal filing within the time frame prescribed by Section 4904(c) of the New York Insurance Law, which states in part:

“The utilization review agent must provide written acknowledgment of the filing of the appeal to the appealing party within fifteen days of such filing...”

It is recommended that HealthNow provide a written acknowledgment for all appeal filings within the time frame prescribed by Section 4904(c) of the New York Insurance Law.

8. PROMPT PAY LAW

To determine HealthNow’s compliance with New York’s Prompt Pay Law (Section 3224-a of the New York Insurance Law), a population consisting of all claims received between January 1, 2013 and December 31, 2013 that were not paid within the time frames prescribed by Section 3224-a of the New York Insurance Law were identified and tested. The result of this review revealed that from the total population of 8,951,115 claims received in 2013, there were 45,091 paper and 375,338 electronic claims that took longer than forty-five (45) days and thirty (30) days to pay, respectively, and 49,580 claims that were denied more than thirty (30) days after receipt of the claim.

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

“Except in a case where the obligation of an insurer...to pay a claim submitted by a policyholder or person covered under such policy (“covered person”) or make a payment to a health care provider is not reasonably clear, or when there is a reasonable basis...that such claim or bill for health care services rendered was submitted fraudulently, such insurer...shall pay the claim to a policyholder or covered person or make a payment to a health care provider within thirty days of receipt of a claim or bill for services rendered that is transmitted via the internet or electronic mail, or forty-five days of receipt of a claim or bill for services rendered that is submitted by other means, such as paper or facsimile.”

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

“(b) In a case where the obligation of an insurer...to pay a claim...is not reasonably clear..., an insurer...shall pay any undisputed portion of the claim...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.”

A sample of 137 paper claims was extracted from the above population of 45,091 possible violations and reviewed. Of this sample, there were 55 confirmed violations of Section 3224-a(a) of the New York Insurance Law. A sample of 155 electronic claims was extracted from the population of the above 375,338 possible violations and reviewed. Of this sample, there were 52 confirmed violations of Section 3224-a(a) of the New York Insurance Law.

The following chart illustrates the Plan's compliance with Section 3224-a(a) of the New York Insurance Law, as determined by this examination:

| | |
|--|-----------|
| Total claims population | 8,951,115 |
| Population of paper claims paid after 45 days of receipt | 45,091 |
| Sample size | 137 |
| Number of claims with violations | 55 |
| Calculated violation rate | 40.15% |
| Lower violation limit | 31.94% |
| Upper violation limit | 48.35% |
| Calculated claims in violation | 18,104 |
| Lower limit transactions in violation | 14,402 |
| Upper limit transactions in violation | 21,801 |

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

| | |
|---|-----------|
| Total claims population | 8,951,115 |
| Population of electronic claims paid after 30 days of receipt | 375,338 |
| Sample size | 155 |
| Number of claims with violations | 52 |
| Calculated violation rate | 33.55% |
| Lower violation limit | 26.12% |
| Upper violation limit | 40.98% |
| Calculated claims in violation | 125,926 |
| Lower limit transactions in violation | 98,038 |
| Upper limit transactions in violation | 153,814 |

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

It is recommended that HealthNow take greater care with regards to the processing of claims.

A similar recommendation was included within the prior report on examination.

A sample of 132 denied claims was extracted from the above population of 49,580 possible violations and reviewed. Of this sample, there were 8 confirmed violations of Section 3224-a(b) of the New York Insurance Law.

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

| | |
|--|-----------|
| Total claims population | 8,951,115 |
| Population of claims denied after 30 days of receipt | 49,580 |
| Sample size | 132 |
| Number of claims with violations | 8 |
| Calculated violation rate | 6.06% |
| Lower violation limit | 1.99% |
| Upper violation limit | 10.13% |
| Calculated claims in violation | 3,005 |
| Lower limit transactions in violation | 987 |
| Upper limit transactions in violation | 5,022 |

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

It is recommended that HealthNow take greater care when processing the denial of claims.

9. REVIEW OF MEDICAL LOSS RATIO REPORTING FORM AND SUPPLEMENTAL HEALTHCARE FILING

The Affordable Care Act requires insurers to spend a minimum percentage of premium dollars on medical services and activities designed to improve healthcare quality and submit a medical loss ratio (“MLR”) report to present this information. The New York Department of Financial Services reviewed the components of the Plan’s 2013 MLR Reporting Form by utilizing the MLR procedures provided by the Center for Consumer Information and Insurance Oversight to review and test, as deemed appropriate, the following items in accordance with 45 CFR Part 158:

- The validity of the data regarding expenses and premiums that the issuer reported to the Secretary of Health and Human Services, including the appropriateness of the allocations of expenses used in such reporting;
- Whether the activities associated with the issuer’s reported expenditures for quality improving activities met the definition of such activities;
- The accuracy of rebate calculations, and the timeliness and accuracy of rebate payments, as applicable.

Per our review, no items came to our attention indicating an exception or finding that requires additional disclosure, with the exception of the following:

- A financial data element noted on HealthNow New York Inc.’s 2013 Supplemental Healthcare Exhibit filing was not accurately reported. The Supplemental Healthcare Exhibit is a key support document in determining the accuracy of the Plan’s MLR form filing.

Code of Federal Regulations Part 158 – *Issuer use of premium revenue: reporting and rebate requirements* (45 CFR 158) in Section 158.110(a), sets forth general requirements for the annual reporting of MLR related premiums and expenditures.

“(a) General requirements. For each MLR reporting year, an issuer must submit to the Secretary a report which complies with the requirements of this Part, concerning premium revenue and expenses related to the group and individual health insurance coverage that it issued.”

In the course of the review of the Plan's filed MLR form for December 31, 2013, Element 1 of the examination procedures calls for a reconciliation of the amounts reported within the Plan's filed MLR with the amounts reported in the Plan's Supplemental Healthcare Exhibit filed with the Plan's annual statement.

During the review of the data support and allocation of quality improvement expenses reported within the Plan's filed MLR for December 31, 2013 and the Plan's filed Supplemental Healthcare Exhibit, it was noted that the quality improvement expenses related to the Plan's self-insured business was not reported within the Supplemental Healthcare Exhibit, as per annual statement instructions.

As noted above, the correct reporting of required amounts within the Supplemental Healthcare Exhibit and reconciliation to the underlying supporting data is essential with regards to determining the accuracy of the filed MLR form.

The Plan acknowledged the incorrect reporting relative to the Supplemental Healthcare Exhibit and has reported its quality improvement expenses appropriately within its Supplemental Healthcare Exhibits filed in subsequent years.

The examiner noted that the reporting error indicated above did not result in a change in the MLR calculation or the MLR rebates paid to enrollees in the State of New York.

It is recommended that HealthNow develop controls and business processes sufficient to report accurate quality improvement expenses relative to business related to uninsured plans for the purpose of reconciling such amounts reported on its filed Supplemental Healthcare Exhibit with the amounts reported on its MLR filing form, as per the requirements of 45 CFR Part 158.

10. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination contained the following sixteen (16) market conduct recommendations (page number refers to the prior market conduct report on examination):

| <u>ITEM NO.</u> | <u>PAGE NO.</u> | |
|---|--|----|
| <u>Adoption of Procedure Manuals – Circular Letter No. 9 (1999)</u> | | |
| 1. | <p>It is recommended that the Plan’s board of directors obtain annually, from the Plan’s general counsel, a statement that the Plan’s current claims adjudication procedures, including those set forth in the current claims manual, are in accordance with applicable statutes, rules and regulations.</p> <p><i>The Plan has complied with this recommendation.</i></p> | 7 |
| 2. | <p>It is recommended that the Plan revise its annual certifications to its board of directors to assure the board that the claim adjudication procedures that were performed by outside parties, and additional key areas such as underwriting and rating, and the accurate and timely reporting of all financial statement schedules and exhibits, are being conducted in accordance with applicable statutes, rules and regulations.</p> <p><i>The Plan has complied with this recommendation.</i></p> | 8 |
| <u>Agents and Brokers</u> | | |
| 3. | <p>It is recommended that HealthNow ensure that all active producers are duly licensed to ensure compliance with the provisions of Section 2102(a)(1) of the New York Insurance Law.</p> <p><i>The Plan has not complied with this recommendation. A similar recommendation is included within this report on examination.</i></p> | 9 |
| 4. | <p>It is recommended that HealthNow ensure that certificates of appointment are filed with the Department within fifteen days for each of its agents, as required by Sections 2112(a) and 2112(b) of the New York Insurance Law.</p> <p><i>The Plan has not complied with this recommendation. A similar recommendation is included within this report on examination.</i></p> | 10 |
| 5. | <p>It is recommended that HealthNow comply with the provisions of Section 2112(d) of the New York Insurance Law by maintaining documentation for and reporting all terminated insurance agents to the Department, as prescribed by such statute.</p> <p><i>The Plan has complied with this recommendation.</i></p> | 11 |

| <u>ITEM NO.</u> | | <u>PAGE NO.</u> |
|-----------------|---|-----------------|
| 6. | It is also recommended that HealthNow maintain a log of terminated certificates of appointments of agents and brokers, in accordance with the licensing record maintenance requirements of Department Regulation No. 152. <i>The Plan has complied with this recommendation.</i> | 11 |
| 7. | It is recommended that HealthNow comply with the provisions of Section 2114(a)(3) of the New York Insurance Law and refrain from paying commissions to agents and brokers who have not obtained valid and/or current licenses. <i>The Plan has complied with this recommendation.</i> | 12 |
| 8. | It is recommended that HealthNow comply with its internal control policies and procedures by maintaining agent and broker of record letters. <i>The Plan has complied with this recommendation.</i> | 14 |
| 9. | It is also recommended that HealthNow adhere to the provisions of its agent/broker agreements by ensuring that such agents or brokers maintain professional liability (Errors and Omissions) insurance coverage. <i>The Plan has complied with this recommendation.</i> | |
| 10. | It is further recommended that HealthNow maintain all addenda relative to its business associate agreements so that this can be used as documentation to support that it meets the requirements of the Health Insurance Portability and Accountability Act of 1996. <i>The Plan has complied with this recommendation.</i> | 14 |
| | <u>Grievances and Appeals</u> | |
| 11. | It is recommended that the Plan provide written acknowledgment of a grievance within the fifteen business day time-frame prescribed by Section 4802(d) of the New York Insurance Law. <i>The Plan has complied with this recommendation.</i> | 15 |
| | <u>Mandated Benefits</u> | |
| 12. | Notwithstanding the Stipulation it is recommended that the Plan comply with the provisions of Sections 4303(g)(4)(A) and 4303(h)(4)(A) of the New York Insurance Law, by sending such written notices to the Plan's small groups on an annual basis. <i>The Plan has complied with this recommendation.</i> | 17 |

| <u>ITEM NO.</u> | | <u>PAGE NO.</u> |
|-----------------|--|-----------------|
| 13. | It is also recommended that such notices contain the information required by Sections 4303(g)(2)(A) and 4303(h)(2)(A) of the New York Insurance Law. <i>The Plan has complied with this recommendation.</i> | 17 |
| | <u>Claims Processing</u> | |
| 14. | It is recommended that the Plan issue complete explanation of benefits statements to its insureds or subscribers in all instances in which claims are denied because the insured or subscriber was terminated, and for out of network claims, in compliance with the requirements of Sections 3234(b)(6) and 3234(b)(7) of the New York Insurance Law. <i>The Plan has complied with this recommendation.</i> | 19 |
| | <u>Standards for Prompt, Fair and Equitable Settlement of Claims for Health Care and Payments for Health Services (“Prompt Pay Law”)</u> | |
| 15. | It is recommended that the Plan fully comply with the requirements of Section 3224-a(a) of the New York Insurance Law and make appropriate payment of all claims within the forty-five day period provided by the aforementioned section of the Insurance Law. <i>The Plan has not complied with this recommendation. A similar recommendation is included within this report on examination.</i> | 24 |
| 16. | It is further recommended that the Plan fully comply with the requirements of Section 3224-a(c) and pay appropriate interest in those instances where the interest calculated pursuant to the aforementioned section of the Insurance Law is \$2.00 or more. <i>The Plan has complied with this recommendation.</i> | 24 |

11. SUMMARY OF COMMENTS AND RECOMMENDATIONS

| <u>ITEM</u> | <u>PAGE NO.</u> |
|--|------------------------|
| A. <u>Agents and Brokers</u> | |
| i. It is recommended that HealthNow comply with Part 243.2 of Insurance Regulation No. 152 (11 NYCRR 243.2) by maintaining a copy of its producers' license. | 4 |
| ii. It is recommended that HealthNow comply with Section 2112(a) of the New York Insurance Law by issuing a certificate of appointment for all appointed producers. | 5 |
| iii. It is also recommended that HealthNow ensure that certificates of appointment are filed with the Department within the time frame prescribed by Section 2112(b) of the New York Insurance Law. | 5 |
| iv. It is recommended that HealthNow provide, within fifteen (15) days after providing notification to the Department, a copy of the statement filed with the Department to the insurance producer's last known address, as required by Section 2112(d) of the New York Insurance Law. | 6 |
| B. <u>Complaint Log</u> | |
| It is recommended that HealthNow include all the required elements prescribed by Insurance Circular Letter 11 (1978) in its complaint log. | 7 |
| C. <u>Declination Practices</u> | |
| i. It is recommended that HealthNow maintain its declination files for the time frame prescribed by Part 243.2(b) of Insurance Regulation No. 152 (11 NYCRR 243.2(b)). | 8 |
| ii. It is also recommended that HealthNow provide applicants with a written specific reason(s) for the declination. | 9 |
| D. <u>Grievances</u> | |
| It is recommended that HealthNow prepare its Schedule M, Parts 2 and 3 in accordance with the instructions to the New York Supplement. | 9 |
| E. <u>Utilization Review</u> | |
| It is recommended that HealthNow provide a written acknowledgment for all appeal filings within the time frame prescribed by Section 4904(c) of the New York Insurance Law. | 10 |

| <u>ITEM</u> | <u>PAGE NO.</u> |
|---|-----------------|
| F. <u>Prompt Pay Law</u> | |
| i. It is recommended that HealthNow take greater care with regards to the processing of claims. | 12 |
| ii. It is recommended that HealthNow take greater care when processing the denial of claims. | 12 |
| G. <u>Review of Medical Loss Ratio Reporting Form and Supplemental Healthcare Filing</u> | |
| It is recommended that HealthNow develop controls and business processes sufficient to report accurate quality improvement expenses relative to business related to uninsured plans for the purpose of reconciling such amounts reported on its filed Supplemental Healthcare Exhibit with the amounts reported on its MLR filing form, as per the requirements of 45 CFR Part 158. | 14 |

Respectfully submitted,

Tommy Kong, CFE
Senior Examiner

STATE OF NEW YORK)
)SS.
)
COUNTY OF NEW YORK)

Tommy Kong, being duly sworn, deposes and says that the foregoing report submitted by him is true to the best of his knowledge and belief.

Tommy Kong, CFE

Subscribed and sworn to before me
this _____ day of _____ 2017

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, BENJAMIN M. LAWSKY, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:

Tommy Kong

as a proper person to examine the affairs of

HealthNow New York Inc.

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

Plan

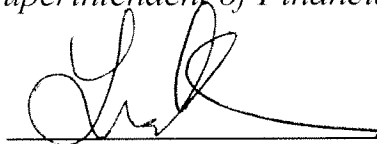
with such other information as he shall deem requisite.

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

this 19th day of November, 2013

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:



Lisette Johnson
Bureau Chief
Health Bureau

