REPORT ON EXAMINATION

OF

OXFORD HEALTH INSURANCE, INC.

AS OF

DECEMBER 31, 2007

DATE OF REPORT	**APRIL 27, 2009**
EXAMINER	**WAI WONG**

TABLE OF CONTENTS

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

David A. Paterson Governor	Eric R. Dinallo Superintendent

Honorable Eric R. Dinallo
Superintendent of Insurance
Albany, NY 12257

April 27, 2009

Sir:

Pursuant to the requirements of the New York Insurance Law and acting in accordance with the instructions contained in Appointment Number 22792, dated June 5, 2009, attached hereto, I have made an examination into the condition and affairs of Oxford Health Insurance, Inc., a for-profit stock company licensed pursuant to Article 42 of the New York Insurance Law as of December 31, 2007 and submit the following report thereon.

The examination was conducted at an Oxford Health Insurance, Inc. office located at 450 Columbus Boulevard, Hartford, Connecticut.

Wherever the designations “the Company” or “OHI” appear herein, without qualification, they should be understood to indicate Oxford Health Insurance, Inc., a wholly-owned subsidiary of Oxford Health Plans (NY), Inc.

Wherever the designation “OHP-NY” appears herein, without qualification, it should be understood to indicate Oxford Health Plans (NY), Inc., a for-profit individual practice association model health maintenance organization licensed pursuant to the provisions of Article 44 of the Public Health Law.

Wherever the designation “United” appears herein, without qualification, it should be understood to indicate UnitedHealth Group, Inc., the parent, and ultimate parent corporation of Oxford Health Plans (NY), Inc. and Oxford Health Insurance, Inc., respectively.

A concurrent examination was made of Oxford Health Plans (NY), Inc., and a separate report thereon has been submitted.

1. SCOPE OF EXAMINATION

The previous financial examination was conducted as of December 31, 2002. This examination covers the five-year period from January 1, 2003 through December 31, 2007. Transactions occurring subsequent to December 31, 2007 were reviewed where deemed appropriate by the examiner.

The examination comprised a verification of assets and liabilities as of December 31, 2007, in accordance with statutory accounting principles (SAP), as adopted by the Department, a review of income and disbursements deemed necessary to accomplish such verification, and utilized, to the extent considered appropriate, work performed by the Company's independent certified public accountants. A review was also made of the following items as called for in the *Examiners Handbook of the National Association of Insurance Commissioners* (NAIC):

History of Company
Management and controls
Corporate records
Fidelity bonds and other insurance
Territory and plan of operation
Growth of Company
Business in force
Loss experience
Reinsurance
Accounts and records
Financial statements

This report on examination is confined to financial statements and 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 Company with regard to comments and recommendations contained in the prior report on examination.

2. DESCRIPTION OF COMPANY

OHI was incorporated in New York State on January 30, 1987, for the purpose of providing accident and health insurance products. It obtained its license from New York State to do the business of accident and health insurance on July 1, 1987, and it commenced operations on that date.

From its date of incorporation until December 31, 1997, OHI was a wholly-owned subsidiary of Oxford Health Plans, Inc. (Oxford), a Delaware corporation. On that date, in accordance with the Department's approval, Oxford transferred 100% ownership of OHI to Oxford Health Plans (NY), Inc., a wholly-owned subsidiary of Oxford Health Plans, LLC., a Delaware corporation. Oxford was acquired by UnitedHealth Group, Inc. (UHG) on July 29, 2004. Oxford is a subsidiary of UHG.

A. Management and controls

Pursuant to the Company's charter and by-laws, management of the Company is vested in a board of directors consisting of no less than thirteen members. As of the examination date, the board of directors was comprised of thirteen members. The board meets four times during each calendar year. The directors as of December 31, 2007 were as follows:

Name and Residence	Principal Business Affiliation

Jeffrey Alter Belle Terre, New York	Chief Operations Officer Northeast Region, United Health Care Services, Inc.
Craig Anderson Wethersfield, Connecticut	Chief Financial Officer Northeast Region, United Health Care Services, Inc.
Forrest Burke Orono, Minnesota	General Counsel and Assistant Secretary, United Health Care Services, Inc.
Sanford Cohen Levittown, New York	Chief Medical Examiner, United Health Care Services, Inc.
Robert Dellacorte Shelton, Connecticut	Vice President of Finance and Assistant Treasurer, United Health Care Services, Inc.
Kevin Ericson Glastonbury, Connecticut	Vice President Regulatory Reporting, United Health Care Services, Inc.
William Golden North Point, New York	Senior Vice President of Sales, United Health Care Services, Inc.
Jeffrey Kagan Farmingville, New York	Vice President Strategic Initiatives, United Health Care Services, Inc.
Thomas McGuire West Hartford, Connecticut	Associate General Counsel/Vice President and Deputy General Counsel, United Health Care Services, Inc.
Michael Santoro Trumbull, Connecticut	Vice President of Claims, United Health Care Services, Inc.
Allen Sorbo Southport, Connecticut	Chief Actuary, United Health Care Services, Inc.
Michael Turpin New Canaan, Connecticut	Chief Executive Officer of Northeast Region, United Health Care Services, Inc.
Dwayne Ullsberger Minnetonka, Minnesota	Director, Healthcare Economics, United Health Care Services, Inc.

A review of the minutes of the attendance records at the Company’s board of directors’ meetings held during the period under examination revealed that the meetings were generally well attended, however, three directors failed to attend at least half of the meetings they were eligible to attend.

It is noted that as of the date of this report, two of the three directors who failed to attend at least 50% of the meetings they were eligible to attend have been replaced.

Members of the board have a fiduciary responsibility and must evince an ongoing interest in the affairs of the Company. It is essential that board members attend meetings consistently and set forth their views on relevant matters so that appropriate decisions may be reached by the board. Individuals who fail to attend at least one-half of the regular meetings they are eligible to attend, do not fulfill such criteria. Board members who are unable or unwilling to attend meetings consistently should resign or be replaced.

It is recommended that board members who are unable or unwilling to attend meetings consistently, should resign or be replaced.

A similar recommendation was made in the previous report on examination.

The officers of the Company as of December 31, 2007 were as follows:

Name	Title
William Golden	President & CEO
Michael Turpin	Chairman of the Board
Thomas McGuire	Secretary & General Counsel
Robert Oberrender	Treasurer
Robert Dellacorte	VP – Finance and Assistant Treasurer
Sanford Cohen	Chief Medical Officer and Executive Vice President

On June 30, 2008, Michael Turpin resigned as Board Chairman and was subsequently replaced by Jeffrey Alter. It should be noted that certain members of the board of directors and senior management of OHI are also members of the board of directors and senior management of OHP-NY and other affiliated companies.

B. Territory and Plan of Operation

As of December 31, 2007, the Company was authorized to transact business in the states of Connecticut, New Jersey, New York, and the Commonwealth of Pennsylvania. The Company is licensed to transact accident and health insurance as defined in paragraph 3(i) of Section 1113(a) of the New York Insurance Law.

OHI, in conjunction with OHP-NY, provides a point-of-service (POS) product called the "Freedom Plan". The Freedom Plan combines the HMO benefits and coverage of OHP-NY with conventional indemnity health insurance provided by OHI. The Freedom Plan enrollees pay a composite rate for their health coverage which is developed from the community rate for the HMO coverage and a separate rate for the indemnity ("out-of-plan") coverage. Larger groups have a "manual rate" for the HMO coverage combined and blended with the group's experience

("experience rated"). The Liberty Plan is another POS health care plan offered jointly by OHI and OHP-NY. This plan offers lower premiums than the Freedom Plan by limiting members' choice of providers to a smaller number of in-network providers.

In addition, OHI offers a preferred provider organization (PPO) plan which allows members to obtain coverage for services from participating or non-participating providers.

The following schedule shows premiums written in the State of New York compared to the total of premiums written in all states during the period under examination:

Year	New York	Total	Percentage
2003	$ 657,917,518	$1,283,919,016	51.24%
2004	$1,103,115,068	$1,870,982,058	58.96%
2005	$1,664,890,227	$2,632,759,495	63.24%
2006	$2,233,325,997	$3,256,442,578	68.58%
2007	$2,753,218,129	$3,741,733,205	73.58%

As of December 31, 2007, the Company had 1,204,327 members. The following chart shows the membership increase/decrease by number and percentage during the examination period:

	2003	2004	2005	2006	2007
Members	$1,105,258	$1,153,100	$1,214,961	$1,225,835	1,204,327
Growth		4.33%	5.36%	.90%	(1.75%)

The Company's written premiums have increased by a greater percentage than enrollment for the period under review because of the movement of members from the POS product to the PPO product. The Company receives significantly more premium from the PPO product than the POS product, as the majority of the POS premium is credited to OHP-NY since most members use the generally less expensive HMO option. The following chart shows the enrollment by product for the period under review:

Line of Business	2003	2004	2005	2006	2007
PPO	389,037	520,792	663,856	763,323	853,842
POS	709,714	625,293	543,284	456,033	344,885
Indemnity Only	6,507	7,015	7,821	6,479	5,600
Total	1,105,258	1,153,100	1,214,961	1,225,835	1,204,327

C. Reinsurance

Effective January 1, 2006, OHI entered into a quota share reinsurance agreement with an affiliate, UnitedHealthcare Insurance Company (UHIC), a Connecticut life, accident and health insurance company. This agreement was approved by the Department on January 26, 2006, to be effective as of January 1, 2006. Per this agreement, OHI cedes 50% of all its premiums and liabilities to UHIC.

Effective January 1, 1999, OHI entered into a reinsurance agreement with an affiliate, Oxford Health Plans (NJ), Inc. (OHP-NJ) to assume OHP-NJ's out-of-network (point-of-service business). This agreement was approved by the Department.

The following table shows the underwriting results for OHI's out-of-network reinsurance coverage of OHP-NJ during the period January 2003 through December 2007. As detailed in the table below, during 2003, 2006 and 2007, the amount of premiums OHI received was not sufficient to cover the related claims expenses:

	Premiums	Incurred Claims	Loss Ratios
2003	$9,509,018	$11,157,513	117.34%
2004	$9,033,366	$ 8,819,205	97.63%
2005	$6,760,757	$ 5,800,501	85.80%
2006	$4,965,506	$ 5,544,749	111.67%
2007	$4,055,815	$ 4,560,741	112.45%

It is recommended that OHI ensure that its reinsurance premium rates are sufficient to cover claims incurred from the assumed OHP-NJ out-of-network business.

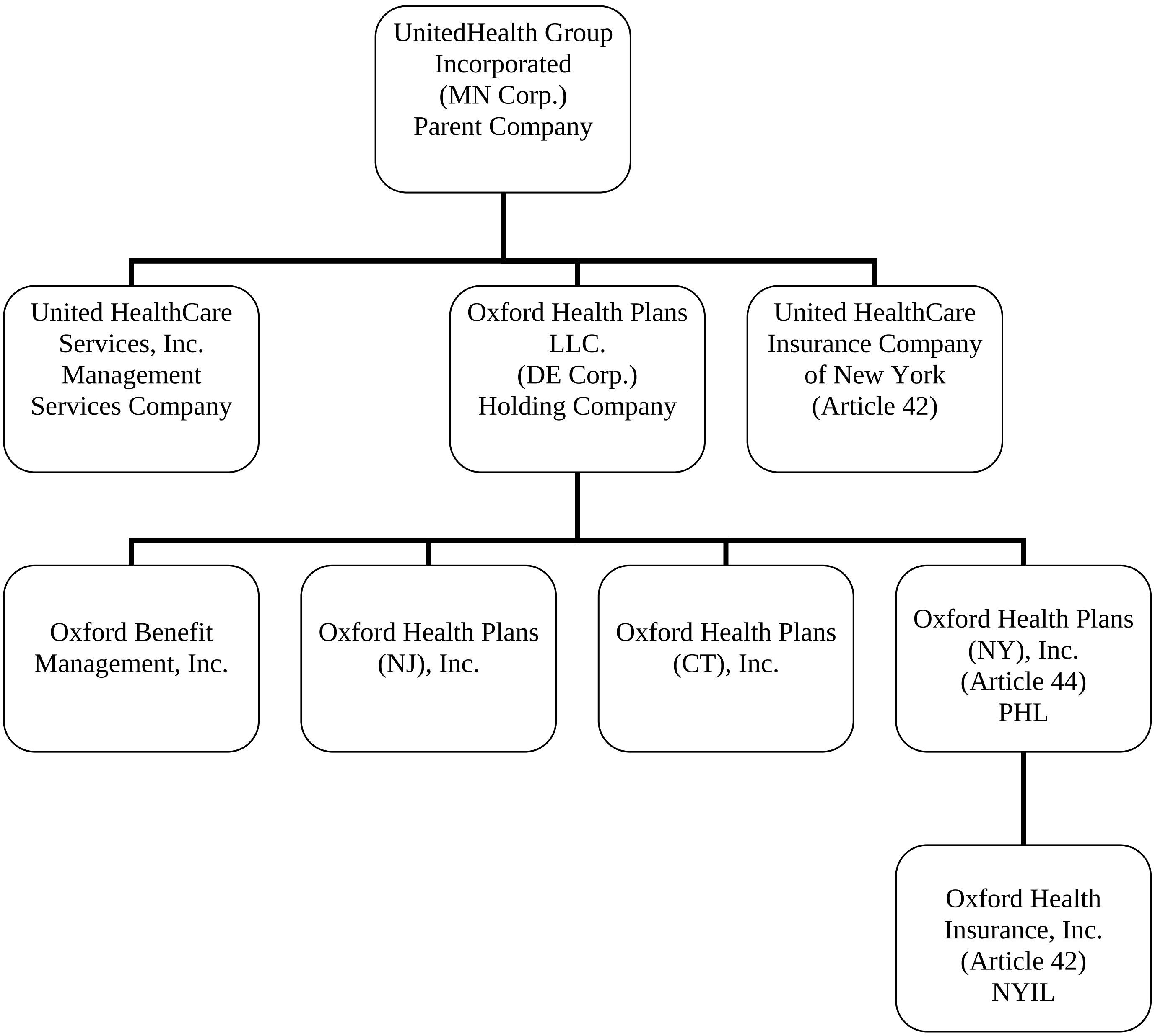
A similar recommendation was made in the previous report on examination.

D. Holding Company System

From its date of incorporation until December 31, 1997, OHI was a wholly-owned subsidiary of Oxford Health Plans, Inc. On that date, Oxford transferred 100% ownership of OHI to Oxford Health Plans (NY), Inc., which is a wholly-owned subsidiary of Oxford Health Plans, LLC., a Delaware corporation. Oxford was acquired by UnitedHealth Group, Inc. (UHG) on July 29, 2004. Oxford is a subsidiary of UHG.

As a member of a holding company system, OHI is required to file registration statements pursuant to the requirements of Section 1503 of the New York Insurance Law and Department Regulation 52 (11 NYCRR 80). All pertinent filings made regarding the aforementioned statutes during the examination period were reviewed and no problem areas were encountered.

The following is the organizational chart of the holding company system as of December 31, 2007:



The following is a summary of OHI's relationship with several of the affiliates included in the above holding company chart:

- UnitedHealth Group Incorporated (UHG) is a Minnesota corporation and the ultimate parent corporation of Oxford Health Insurance, Inc., Oxford Health Plans (NY), Inc. Oxford Health Plans, LLC., United HealthCare Services, Inc. and over 150 other companies.

- United HealthCare Services, Inc. (UHS) is a management services company within UHG which provides administrative, financial, management, accounting, underwriting, marketing, legal, medical provider, member services, medical management, agency development, employee management and benefit, information systems, and other general and administrative services to affiliated companies within UHG. Most of the directors and officers of Oxford and various UHG companies are considered employees of UHS, rather than the individual insurers within UHG's holding company system.

- Oxford Health Plans LLC. is a Delaware corporation and the parent corporation of Oxford Health Plans (NY), Inc. and various other Oxford companies.

- Oxford Health Plans (NY), Inc. (OHP-NY) is a New York licensed HMO and OHI's immediate parent. The Company writes OHP-NY's out-of-network point-of-service coverage.

Effective November 1, 1997, the Company entered into an administrative services agreement (ASA) with Oxford, under which it is charged a management fee for all administrative, sales, general and financial advisory services performed on its behalf. Such fees include an allocation, based primarily on membership, of actual expenses incurred by Oxford. This agreement was updated during 2003 and was approved by the Department on April 1, 2003. The agreement was assigned from Oxford to United HealthCare Services, Inc. on July 29, 2004, after United's acquisition of Oxford. The Department gave approval to this assignment as part of the overall approval process of United's acquisition of the Oxford companies.

E. Investment Management Agreement

On March 4, 2002, the Company entered into an investment management agreement with BancOne Investment Advisors Corp. (BancOne), a subsidiary of Bank One, NA.

On November 13, 2004, Bank One, NA merged into JP Morgan Chase and BancOne Investment Advisors Corp subsequently changed its name to JP Morgan Investment Advisors. According to the provisions of the contract between BancOne Investment Advisors Corp. and the Company, the investment management contract essentially became null and void as of the effective date of the merger between Bank One NA and JP Morgan Chase.

Section 16 of the investment agreement with BancOne, dated March 4, 2002 stipulates that:

> "Unless the Company expressly consents thereto in writing, any assignment by the Manager of this Agreement shall automatically terminate this agreement, if the Manager hereunder is converted into, merges or consolidates with or sells or transfers substantially all of its assets or business to another entity, the resulting entity or the entity to which such sale or transfer has been made shall notify the Company of such sale or transfer and shall become the Manager hereunder only if the Company specifically so consents in writing."

The Company failed to obtain a signed acknowledgement of its intention to maintain the agreement after Bank One NA merged with JP Morgan Chase.

Subsequent to the date of this examination, the Company submitted the required acknowledgment of assignment to JP Morgan Investment Advisors.

F. Abandoned Property Law

A review was performed of the Company's 2007 abandoned property filing of items reported unclaimed as of December 31, 2006. There were a total of fourteen items reported unclaimed as of December 31, 2006.

Section 1316(1) of the New York Abandoned Property Law states:

> "Any amount issued and payable on or after July first, nineteen hundred seventy-four payable to a resident of this state on or because of a policy of insurance other than life insurance, which is held or owing by a domestic insurer or a foreign insurer authorized to do business in this state or by an agent or agency of such insurer, shall be deemed abandoned property if unclaimed for three years by the person entitled thereto. Where such amount is held or owing by a domestic insurer for an unknown person or a person whose address is unknown, such amount is presumed to be payable to a resident of this state."

It was found that 13 of 14 items reported unclaimed for reporting year 2006, were originally issued during 2002 and were therefore due to be remitted to the New York State Comptroller during reporting year 2005.

It is recommended that the Company comply with Section 1316(1) of the New York Abandoned Property Law and make the required abandoned property filings to the New York State Comptroller for amounts unclaimed for three years.

Section 1316(2) of the New York Abandoned Property Law states:

> "Such abandoned property shall be reported to the comptroller annually on or before the first day of April. Such report shall be in such form and manner as the comptroller may prescribe."

On December 18, 2008, a meeting was held with OHI's manager of abandoned property, in which it was stated that no preliminary filings were reported to the New York State Comptroller for reporting year 2006.

It is recommended that OHI put in place procedures to ensure that the Company files the required preliminary abandoned property filings to the New York State Comptroller, in compliance with Section 1316(2) of the New York Abandoned Property Law.

Section 1422(1) of the New York Abandoned Property law states:

> "Any holder of unclaimed funds which is not otherwise required to perform owner notification mailings under the provisions of this chapter shall send, not less than ninety days prior to the applicable reporting date for such unclaimed property, a written notice by first-class mail to each person appearing to be the owner of property listed in a report of abandoned property required to be filed under the provisions of this chapter, at the address of the owner as it appears on the books and records of the holder; provided, however, that the foregoing requirements shall not apply where (a) the holder does not have an address for the owner; or (b) the holder can demonstrate that the only address that the holder has pertaining to the owner is not the current address of the owner."

OHI failed to provide the proofs of mailing for any of the fourteen written notices reviewed as required by Section 1422(1) of the New York Abandoned Property Law.

It is recommended that OHI put in place procedures to ensure that it complies with the requirements of Section 1422(1) of the New York Abandoned Property Law by maintaining proof of mailing for all written notices sent under such section of the New York Abandoned Property Law within its records.

G. Provider/Third Party Agreements

The Company maintains third party administrative (TPA) agreements with several organizations as follows:

- Triad Healthcare Inc. (Triad) provides a network of chiropractors, utilization management and claims administration for chiropractic services. This is an arrangement whereby Oxford pays Triad a set capitation amount for each member enrolled for medical services plus an administrative fee for the network, utilization management and claims services. In turn, network chiropractic providers are paid on a fee-for-service basis.

On February 28, 2008, Triad Healthcare Inc. was replaced as Oxford's TPA for chiropractic and physical therapy services by OptumHealth Care Solutions a UnitedHealth Group affiliated company.

- OrthoNet provides a network of physical therapists in exchange for an administrative fee. In turn, network physical therapists are paid on a fee-for-service basis.
- Medco Health Solutions, Inc. (Medco) administers OHI's pharmaceutical benefits on a fee-for-service basis.
- New York Medical Imaging, Inc. (NYMI)/CareCore administers OHI's radiology benefits on a capitated basis.

A review of the above TPA agreements found that neither OrthoNet nor the NYMI/CareCore agreements establish specific standards for the TPA's with regard to record retention.

It is recommended that OHI ensure that all of its third party administrative agreements include appropriate specific standards for record retention. These standards should adhere to the requirements of Section 243.2(b)(8) of Department Regulation 152 (11 NYCRR 243).

A similar recommendation was made in the previous report on examination.

H. Accounts and Records

During the course of the examination, it was noted that the Company's treatment of certain items was not in accordance with Statutory Accounting Principles or Annual Statement Instructions. A description of such items is as follows:

1. The Company's direct premiums written of $3,741,733,205, reported on Schedule T of its December 31, 2007 annual statement did not match the amount of direct premiums written of $3,734,468,013 reported on its Underwriting and Investment Exhibit, Part 1 on page 8 of the annual statement, as is required by the NAIC's 2007 Health Annual Statement Instructions.

It is recommended that OHI ensure that all corresponding exhibits and schedules within its annual and quarterly statement filings to the Superintendent of Insurance be completed in accordance with the NAIC’s Health Annual and Quarterly Statement Instructions.

2. A review of OHI’s premiums due and collected account as of December 31, 2007 revealed that the Company used a deferred premium account as an offset to gross premiums due and unpaid. OHI’s general ledger shows premiums due and uncollected of $243,331,884, while the annual statement shows a value of $24,377,135. The difference of $218,954,749 is reported as deferred premium, which is booked as a credit to deferred premium and is subtracted from the due and uncollected premiums on the annual statement. The Company reported the net positive balance of the offsetting of the two accounts as premiums due and uncollected on its December 31, 2007 annual statement.

It is recommended that OHI disclose the asset and liability accounts related to premiums due and uncollected and any offsetting liability in the “Notes to the Financial Statement” section of its annual statement filing (under Statement of Significant Accounting Policies) in accordance with Statement of Statutory Accounting Principles (SSAP) No. 1.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities, and capital and surplus as determined by this examination as of December 31, 2007. This statement is the same as the balance sheet filed by the Company.

Assets	Examination	Company
Bonds	$ 696,543,762	$ 696,543,762
Cash and short-term investments	701,486,675	701,486,675
Receivable for securities	352,967	352,967
Investment income due and accrued	8,413,222	8,413,222
Uncollected premiums and agents' balances in the course of collection	24,377,138	24,377,138
Amounts recoverable from reinsurers	774,833	774,833
Current federal and foreign income tax recoverable and interest thereon	4,677,480	4,677,480
Net deferred tax asset	8,286,395	8,286,395
Health care receivable	3,842,367	3,842,367
Total assets	$ 1,448,754,839	$ 1,448,754,839

Liabilities	Examination	Company
Claims unpaid	$ 219,231,779	$ 219,231,779
Accrued medical incentive pools and bonus amounts	13,736,054	13,736,054
Unpaid claims adjustment expenses	5,000,011	5,000,011
Aggregate health policy reserves	42,784,383	42,784,383
Aggregate health claim reserves	2,149,471	2,149,471
Premiums received in advance	86,546,100	86,546,100
General expenses due or accrued	6,532,715	6,532,715
Ceded reinsurance premiums payable	30,683	30,683
Remittance and items not allocated	13,666	13,666
Amounts due to parent, subsidiaries and affiliates	128,534,820	128,534,820
Funds held reinsurance treaties with unauthorized Reinsurers	205,540,506	205,540,506
Aggregate write-ins for other liabilities	12,705,442	12,705,442
Total liabilities	$ 722,805,630	$ 722,805,630
Capital and surplus		
Common capital stock	1,000,000	1,000,000
Gross paid in and contributed surplus	44,610,000	44,610,000
Aggregate write-ins for other than special surplus Funds	210,000	210,000
Unassigned funds (surplus)	680,129,209	680,129,209
Total capital and surplus	$ 725,949,209	$ 725,949,209
Total liabilities, capital and surplus	$ 1,448,754,839	$ 1,448,754,839

Note: The Internal Revenue Service has not conducted any audits of the income tax returns filed on behalf of the Company through tax year 2007. The examiner is unaware of any potential exposure of the Company to any tax assessments and no liability has been established herein relative to such contingency.

B. Underwriting and Investment Exhibit

Capital and surplus increased $561,409,567 during the five-year examination period, January 1, 2003 through December 31, 2007, detailed as follows:

Income		
Net premium income	$ 9,135,463,709	
Total revenues		$ 9,135,463,709
Expenses		
Hospital/medical benefits	$ 7,586,592,161	
Other professional services	3,289,498	
Outside referrals	2,440,611	
Emergency room and out-of-area	932,079,286	
Prescription drugs	1,358,982,405	
Aggregate write-ins for other medical and hospital	6,290,454	
Incentive pools, withhold adjustments and bonus Amounts	14,135,383	
Subtotal	9,903,809,798	
Net reinsurance recoveries	(2,780,995,077)	
Total medical and hospital expenses	7,122,814,721	
Claims adjustment expenses	229,917,472	
General administrative expenses (less)	884,002,278	
Total underwriting deductions		8,236,734,471
Net underwriting gain		$ 898,729,238
Net investment income earned		121,184,597
Net realized capital gains		12,137,735
Net gain from agents' or premium balances charged off		6,565,783
Aggregate write-ins for other income or expenses		196,572
Net income before federal income taxes		1,038,813,925
Federal and foreign income taxes incurred		359,398,196
Net income		$ 679,415,729

Capital and Surplus Account

	Gains in Surplus	Losses in Surplus	
Capital and surplus per report on examination as of December 31, 2002			$ 164,539,642
Net income	$ 679,415,729	$	
Change in net unrealized capital gains	958,877		
Change in net deferred income tax	5,085,895		
Change in nonadmitted assets		2,230,060	
Dividends to stockholders		122,000,000	
Other changes	179,126		
Net change in capital and surplus			561,409,567
Capital and surplus per report on examination as of December 31, 2007			$ 725,949,209

4. CLAIMS UNPAID

The examination liability of $219,231,779 for the above captioned account is the same as the amount reported by OHI in its 2007 filed annual statement.

The examination analysis of the claims unpaid reserve was conducted in accordance with generally accepted actuarial principles and practices and was based on statistical information contained in OHI's internal records and in its filed annual statements as verified during the examination. The examination reserve was based upon actual payments made through a point in time, plus an estimate for claims remaining unpaid at that date. Such estimate was calculated based on actuarial principles, which utilized OHI’s past experience in projecting the ultimate cost of claims incurred on or prior to December 31, 2007.

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination as of December 31, 2002 contained (17) comments and recommendations as follows (page number refers to the prior report):

ITEM NO.		**PAGE NO.**
	Management	
1.	It is recommended that the Company properly report its directors in its financial statements and filings. The Company has complied with this recommendation.	4
2.	Members of the board have a fiduciary responsibility and must evince an ongoing interest in the affairs of the insurer. It is essential that board members attend meetings consistently and set forth their views on relevant matters so that appropriate decisions may be reached by the board. Individuals who fail to attend at least one-half of the regular meetings do not fulfill such criteria. Board members who are unable or unwilling to attend meetings consistently should resign or be replaced. The Company has not fully complied with this recommendation. A similar recommendation is included with this report on examination.	4
3.	It is recommended that the board withdraw its blanket approval from future dividends and approve each on an individual basis. The Company has complied with this recommendation.	6
	Reinsurance	
4.	It is recommended that OHI comply with the reinsurance agreement between OHI and OHPNJ and evaluate the premium rate on an annual basis. The Company has not fully complied with this recommendation. A similar recommendation is included within this Report on Examination.	9

<u>Reinsurance</u>

5.	It is recommended that OHI repay the reinsurance premiums improperly received by it from OHPNJ. The Company has complied with this recommendation.	9
6.	It is recommended that the Company develop a manual for the underwriting and administration of re-insurance. The Company has complied with this recommendation.	9
7.	It is recommended that OHI discontinue reporting the Celtic Insurance agreement as reinsurance in Schedule S of its Annual Statement. The Company has complied with this recommendation.	10

<u>Investment Activities</u>

8.	It is recommended that the Company comply with New York Insurance Law §1404(a)(10)(B)(i) and not invest more that 10% of its admitted assets in the securities of any one institution. The Company has complied with this recommendation.	13
9.	It is recommended that the investment guidelines be rewritten to clearly specify those types of investments that are permitted. The Company has complied with this recommendation.	14
10.	It is recommended that the Company remove the responsibility for final approval of financial transactions from the responsibility of providing financial direction to the custodian. This recommendation is no longer applicable.	14

<u>ITEM</u> **<u>PAGE NO</u>.**

<u>Provider/TPA Arrangements-Risk-Sharing/Fraud</u>

Prevention

11. It is recommended that Oxford ensure that all of its Third Party Administration Agreements establish appropriate specific standards for record retention. It is further recommended that Oxford adequately monitor its TPAs in order to assure that fraud prevention requirements are met. 15

The Company has not fully complied with this recommendation. A similar recommendation is included within this Report on Examination.

12. It is recommended that the Company require its Third Party Administrator Triad to submit Corrective Action Plans within the time period established within their contract. 15

The Company has complied with this recommendation.

Accounts and Records

13. It is recommended that all recoveries and medical expenses be applied to the appropriate lines of business. 16

The Company has complied with this recommendation.

14. It is recommended that the Company comply with New York Insurance Law Section 1505 and properly allocate all administrative expenses. 17

It is noted that the previous report on examination contained a similar recommendation.

The Company has complied with this recommendation.

15. It is recommended that the Company properly classify accounts within its financial statements. 18

The Company has complied with this recommendation.

ITEM NO. **PAGE NO.**

Medco Strategic Alliance Agreement

16.	It is recommended that the OHPI provide an appropriate share of its revenue from the sale of claim information to Medco be returned to the New York policyholders. While not adopting the Department's position, OHPI has agreed to resolve the matter in a manner consistent with the Department's recommendation. The terms of the resolution will be incorporated in a separate Stipulation. The Company has complied with this recommendation.	19
17.	The question of whether Oxford is in compliance with the Privacy Rules has been referred to the U.S. Department of Health and Human Services for their review. There were no recommendations from the U.S. Department of Health and Human Services from their review.	20

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Management	
	It is recommended that board members who are unable or unwilling to attend meetings consistently, should resign or be replaced. A similar recommendation was made in the previous report on examination.	6
B.	Reinsurance	
	It is recommended that OHI ensure that its reinsurance premium rates are sufficient to cover claims incurred from the assumed OHP-NJ out-of-network business. A similar recommendation was made in the previous report on examination.	10
C.	Abandoned Property	
i.	It is recommended that the Company comply with Section 1316(1) of the New York Abandoned Property Law and make the required abandoned property filings to the New York State Comptroller for amounts unclaimed for three years.	15
ii.	It is recommended that OHI put in place procedures to ensure that the Company files the required preliminary abandoned property filings to the New York State Comptroller, in compliance with Section 1316(2) of the New York Abandoned Property Law.	16
iii.	It is recommended that OHI put in place procedures to ensure that it complies with the requirements of Section 1422(1) of the New York Abandoned Property Law by maintaining proof of mailing for all written notices sent under such section of the New York Abandoned Property Law within its records.	16

ITEM **PAGE NO.**

D. Provider/third party agreements

It is recommended that OHI ensure that all of its third party administrative agreements include appropriate specific standards for record retention. These standards should adhere to the requirements of Section 243.2(b)(8) of Department Regulation 152 (11 NYCRR 243). 17

A similar recommendation was made in the previous report on examination.

E. Accounts and Records

i. It is recommended that OHI ensure that all corresponding exhibits and schedules within its annual and quarterly statement filings to the Superintendent of Insurance be completed in accordance with the NAIC's Health Annual and Quarterly Statement Instructions. 18

ii. It is recommended that OHI disclose the asset and liability accounts related to premiums due and uncollected and any offsetting liability in the "Notes to the Financial Statement" section of its annual statement filing (under Statement of Significant Accounting Policies) in accordance with Statement of Statutory Accounting Principles (SSAP) No. 1. 18

Appointment No. **22792**

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:

Wai Wong

as a proper person to examine into the affairs of the

Oxford Health Insurance, Inc.

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

Company

with such other 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 5th day of June, 2009

Eric R. Dinallo
Superintendent of Insurance