

REPORT ON EXAMINATION
OF
OXFORD HEALTH PLANS (NY), INC.
AS OF
DECEMBER 31, 2007

DATE OF REPORT

NOVEMBER 4, 2009

EXAMINER

WAI WONG

TABLE OF CONTENTS

<u>ITEM NO.</u>		<u>PAGE NO.</u>
1.	Scope of examination	3
2.	Executive summary	4
3.	Description of the HMO	4
	A. Management and controls	5
	B. Territory and plan of operation	6
	C. Holding company system	8
	D. Investment management agreement	10
	E. Website – Healthy New York	11
	F. Provider/third party agreements	12
	G. Accounts and records	13
4.	Financial statements	15
	A. Balance sheet	15
	B. Underwriting and investment exhibit	17
5.	Claims unpaid	18
6.	Rate filings	19
7.	Compliance with prior report on examination	21
8.	Summary of comments and recommendations	24



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

David A. Paterson
Governor

James J. Wrynn
Superintendent

Honorable James J. Wrynn
Superintendent of Insurance
Albany, NY 12257

November 4, 2009

Sir:

Pursuant to the requirements of the New York Insurance Law and acting in accordance with the instructions contained in Appointment Number 22791, dated June 5, 2009, attached hereto, I have made an examination into the condition and affairs of Oxford Health Plans (NY), Inc., a for-profit health maintenance organization licensed under Article 44 of the New York Public Health Law, as of December 31, 2007, and submit the following report thereon.

The examination was conducted at the office of Oxford Health Plans (NY), Inc., located at 450 Columbus Boulevard, Hartford, CT.

Wherever the designations "the HMO" or "OHP-NY" appear herein, without qualification, they should be understood to indicate Oxford Health Plans (NY), Inc., a wholly-owned subsidiary of Oxford Health Plans, LLC.

Wherever the designation “Oxford” appears herein, without qualification, it should be understood to indicate Oxford Health Plans, LLC, the parent of Oxford Health Plans (NY), Inc.

A concurrent examination was made of Oxford Health Insurance, Inc., an accident and health insurer licensed under Article 42 of the New York Insurance Law and subsidiary of the and subsidiary of the HMO. 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 HMO'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 the HMO
- Management and control
- Corporate records
- Fidelity bonds and other insurance
- Territory and plan of operation
- Growth of the HMO
- 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 action that was taken by the HMO with regard to comments and recommendations in the prior report on examination.

2. EXECUTIVE SUMMARY

The examination revealed certain operational deficiencies during the examination period.

The most significant finding is shown below:

The HMO's 2007 and 2008 Direct Pay POS rate tables filed with the Department were in violation of Section 4308(g) of the New York Insurance Law. The actuarial certifications filed with the Department indicated that all of the requirements of Section 4308(g) of the New York Insurance Law were complied with including an expected loss ratio of no less than 80%. However, the HMO's 2007 and 2008 Direct Pay POS rate tables had an expected loss ratio of 75.9% and 78%, respectively.

3. DESCRIPTION OF THE HMO

OHP-NY is a for-profit health maintenance organization (HMO) incorporated on April 19, 1985 under New York State Law for the purpose of providing comprehensive health care services on a prepaid basis and for the purpose of establishing and operating an HMO and health care delivery systems. The HMO has been deemed a Competitive Medical Plan by the Center for Medicare and Medicaid Services for purposes of the Federal Medicare Program.

On July 29, 2004 the HMO's ultimate parent, Oxford Health Plans, LLC (Oxford) was acquired by UnitedHealth Group, Inc. (United). Oxford is a subsidiary of United.

A. Management and Controls

Pursuant to the HMO's charter and by-laws, management of OHP-NY is to be vested in a board of directors consisting of no more than ten members. As of the examination date the board of directors was comprised of five members. The board meets at least four times during each calendar year. The directors as of December 31, 2007 were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Eleanor Carter* New York, New York	Human Resource Manager, Denihan Hospitality
Sanford Cohen Levittown, New York	Chief Medical Examiner, United Health Care Services, Inc.
William Golden North Point, New York	Senior Vice President of Sales, 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 Turpin New Canaan, Connecticut	Chief Executive Officer of Northeast Region, United Health Care Services, Inc.

*Enrollee representative – Part 98-1.11(g) of the Administrative Rules and Regulations of the Health Department (10 NYCRR 98-1.11(g)), requires that a minimum of twenty percent (20%) of the board of directors of an HMO be comprised of enrollee representatives. The HMO is in compliance with said Regulation as of 12/31/07.

Subsequent to the examination date, the following changes were made to OHP-NY's board of directors. Michael Turpin and Thomas McGuire were replaced on the board of directors by Jeffrey Alter, Chief Operating Officer of the Northeast Region, United Health Care Services, Inc. and Craig Anderson, Chief Financial Officer of the Northeast Region, United Health Care Services, Inc.

A review of the minutes of the attendance records at the HMO's board of directors' meetings held during the period under examination revealed that the meetings were well attended.

The officers of OHP-NY as of December 31, 2007 were as follows:

<u>Name</u>	<u>Title</u>
William Golden	President & Chief Executive Officer
Michael Turpin	Chairman
Thomas McGuire	Secretary & General Counsel
Robert Oberrender	Treasurer
Robert Dellacorte	Vice President, Finance and Assistant Treasurer
Craig Charles Anderson	Assistant Treasurer
Jeffrey Alter	Assistant Secretary
Sanford Cohen	Chief Medical Officer and Executive Vice President

It was noted that subsequent to the date of this examination, Jeffrey Alter replaced Michael Turpin as Chairman of the HMO.

It should be noted that certain members of the board of directors and senior management of OHP-NY are also members of the board of directors and senior management of OHI, and other affiliated companies.

B. Territory and Plan of Operation

OHP-NY was licensed as a for-profit HMO under Article 44 of the New York Public Health Law on June 1, 1986, and began operations on that date. At December 31, 2007, OHP-NY was authorized to transact business in the following counties in the state of New York:

Bronx	New York	Richmond	Ulster
Dutchess	Orange	Rockland	Westchester
Kings	Putnam	Suffolk	
Nassau	Queens	Sullivan	

OHP-NY maintains a Point-of-Service (POS) product, called the “Freedom Plan”, which is available to members in conjunction with its subsidiary, Oxford Health Insurance, Inc (OHI). The Freedom Plan combines the benefits and coverages of the HMO with conventional 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 that is derived by blending in the group’s own experience. A wholly experience rated contract is also available to groups with at least 100 members. The Liberty Plan is also an OHP-NY POS health care product that is available to groups/members. This plan offers lower premiums than the Freedom Plan since members choose from a smaller network of in-network providers. The HMO also offers Medicare and Healthy NY products.

The following schedule shows direct premiums earned during the five-year examination period:

<u>Year</u>	<u>Premiums Earned</u>
2003	\$3,356,945,956
2004	\$3,081,011,661
2005	\$2,806,128,177
2006	\$2,692,335,826
2007	\$2,451,307,318

The following chart shows the HMO's members by line of business during the examination period.

	HMO		Point of Service		Government		Total
	<u>Group</u>	<u>Ind.</u>	<u>Large Group</u>	<u>Small Group</u>	<u>Ind.</u>	<u>Group</u>	
2003	84,176	21,005	427,143	280,648	15,168	72,033	900,173
2004	33,617	18,173	352,952	236,375	12,690	75,772	729,579
2005	28,051	15,487	257,063	209,420	10,609	81,034	601,664
2006	25,988	13,702	211,892	163,977	9,192	83,293	508,044
2007	22,664	10,867	163,885	108,404	7,761	84,969	398,550

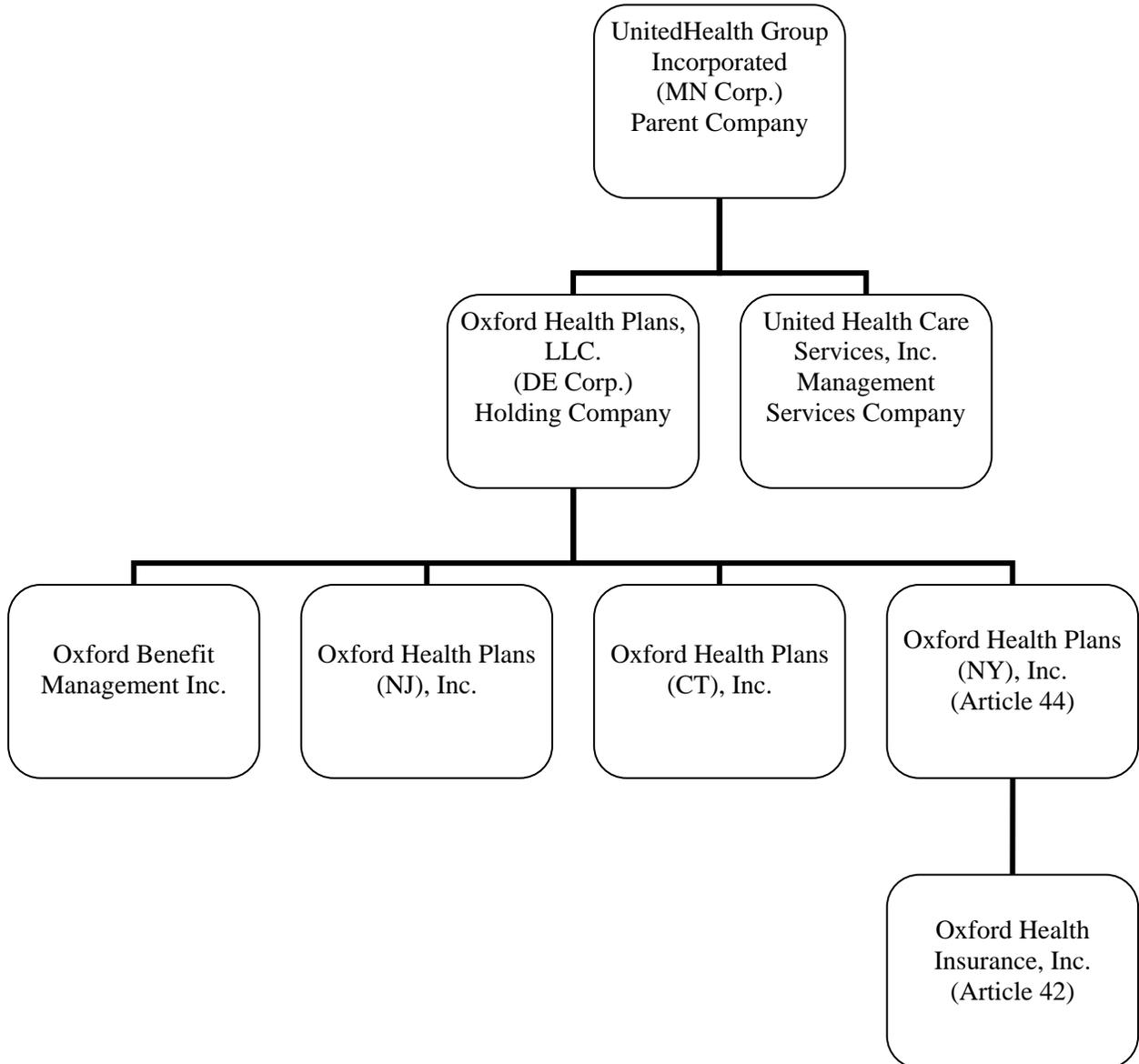
Membership for the HMO decreased approximately 56% from 2003 to 2007 as Oxford's HMO membership began opting for the various products offered by its affiliate. Contemporaneously, OHI's membership grew, although at a lesser rate during this period.

C. Holding Company System

OHP-NY is a health maintenance organization (HMO) incorporated on April 19, 1985 under New York State Law as a for-profit corporation. The HMO 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 and is a subsidiary of UHG.

As a member of a holding company system, OHP-NY is required to file registration statements pursuant to the requirements of Part 98-1.16(e) of the Administrative Rules and Regulations of the Health Department (10 NYCRR 98-1.16) 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 HMO's holding company system as of December 31, 2007:



The following is a summary of OHP-NY's relationship with several of the affiliates shown above:

- UnitedHealth Group Incorporated (UHG) is a Minnesota corporation and the ultimate parent of Oxford Health Insurance, Inc., Oxford Health Plans (NY), Inc., Oxford Health Plans, LLC., United Health Care Services, Inc., and over one hundred and fifty (150) other affiliated 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's holding company system. Most of the directors and officers of Oxford and various UHG companies are considered employees of UHS rather than the individual insurers under 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, including OHI.
- Oxford Health Insurance, Inc. is a for-profit accident and health insurer licensed in New York and is a subsidiary of OHP-NY. The Company provides the out-of-network benefit for the HMO's point of service product.

D. Investment Management Agreement

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

On November 13, 2004, Bank One, N.A. merged into JPMorgan Chase and BancOne

Investment Advisors Corp. subsequently changed its name to JPMorgan Investment Advisors. According to the provisions of the contract between BancOne Investment Advisors Corp. and the HMO, the investment management contract became null and void as of the effective date of the merger between Bank One NA and JPMorgan Chase.

Section 16 of the HMO's 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 HMO did not to obtain a signed acknowledgement of its intention to maintain the agreement after Bank One NA merged with JPMorgan Chase.

Subsequent to the examination date, the HMO submitted the required acknowledgment of assignment to JPMorgan Investment Advisors.

E. Website - Healthy New York

It was noted that the HMO's website did not have a link to the New York State Healthy New York website or detailed information about the Healthy New York program. As the HMO offers the New York State Healthy New York coverage option, the website should have either a link to the Healthy New York site or information on the Healthy New York program.

It is recommended that the HMO establish a link to the Healthy New York website or provide information about the Healthy New York program on its website.

F. Provider/Third Party Agreements

The HMO maintains third party administration (TPA) agreements with several organizations as follows:

- Triad Healthcare Inc. (Triad) provides a network of chiropractors, physical therapists, utilization management and claims administration for chiropractic services. Under this arrangement OHP-NY pays Triad on a capitated basis 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.

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

- 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. administers OHP-NY's pharmaceutical benefits program on a fee-for-service basis.
- New York Medical Imaging, Inc. (NYMI/CareCore) administers OHP-NY's radiology benefits on a capitated basis.

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

New York Insurance Department Regulation 152 (11 NYCRR 243.2(b)(4) and (8)) states:

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

(4) A claim file for six calendar years after all elements of the claim are resolved and the file is closed or until after the filing of the report on examination in which the claim file was subject to review, whichever is longer...

(8) Any other record for six calendar years from its creation or until after the filing of a report on examination or the conclusion of an investigation in which the record was subject to review.”

It is recommended that the HMO ensure that all of its third party administration agreements include appropriate specific standards for record retention in compliance with New York Insurance Department Regulation 152 (11 NYCRR 243.2(b)(4) and (8)).

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

G. Accounts and Records

A review of OHP-NY's premiums due and uncollected account as of December 31, 2007 revealed that the HMO used a deferred premium account as an offset to gross premiums due and unpaid. OHP-NY's general ledger shows premiums due and uncollected of \$104,303,686 while the annual statement shows a value of \$24,027,080. The difference of \$80,276,606 is a combination of deferred premiums and an accounting adjustment.

It should be noted that deferred premium accounted for \$79,059,436 of the \$80,276,606 difference reported. Deferred premiums are booked as a credit to the deferred premium account which is subtracted from the premiums due and uncollected premiums on the annual statement. The HMO reported the net positive balance of the offsetting of the two accounts as premium due and uncollected on its December 31, 2007 annual statement.

Paragraph 5 and 6 of SSAP No. 1 requires that the reporting entity make the following disclosures on its financial statements regarding its accounting policies:

5. Disclosure shall be made of all accounting policies that affect the assets, liabilities, capital and surplus or results of operations of the reporting entity. The disclosure shall encompass important judgments as to the appropriateness of principles relating to recognition of revenue particularly when selecting between acceptable alternatives, or methods particular to the business.

6. Disclosure of accounting policies shall be made in a separate Summary of Significant Accounting Policies as the initial note in the notes to the financial statements. If the reporting entity has changed the accounting policies since the end of its preceding year, the changes shall be disclosed in the quarterly financial statements.

The disclosure of the HMO's accounting policy relative to the netting of deferred premiums from premiums in course of collection was not made in the notes to the financial statement of the HMO's filed financial statement as of December 31, 2007.

It is recommended that Oxford Health Plans (NY), Inc. 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 the NAIC's Statement of Statutory Accounting Principles (SSAP) No. 1.

4. FINANCIAL STATEMENTS

A. Balance Sheet

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

<u>Assets</u>	<u>EXAMINATION</u>	<u>HMO</u>
Bonds	\$ 796,898,606	\$ 796,898,606
Common stock	725,949,209	725,949,209
Cash and short-term investments	220,953,847	220,953,847
Investment income due and accrued	9,386,560	9,386,560
Uncollected premiums and agents' balances in the course of collection	24,027,080	24,027,080
Net deferred tax asset	8,420,914	8,420,914
Receivable from parent, subsidiaries And affiliates	17,474,302	17,474,302
Health care receivable	<u>25,866,823</u>	<u>25,866,823</u>
Total assets	<u>\$ 1,828,977,341</u>	<u>\$ 1,828,977,341</u>

<u>Liabilities</u>	<u>Examination</u>	<u>HMO</u>
Claims unpaid	\$ 266,029,697	\$ 266,029,697
Accrued medical incentive pools and bonus amounts	13,490,455	13,490,455
Unpaid claims adjustment expenses	5,111,154	5,111,154
Aggregate health policy reserves	7,632,376	7,632,376
Aggregate health claim reserves	2,464,057	2,464,057
Premiums received in advance	39,612,908	39,612,908
General expenses due or accrued	6,826,514	6,826,514
Current federal and foreign income tax payable and interest thereon	6,343,566	6,343,566
Remittance and items not allocated	572	572
Amounts due to parent, subsidiaries and affiliates	53,589,629	53,589,629
Liability for amounts held under uninsured accident and health plans	6,950,939	6,950,939
Aggregate write-ins for other liabilities	<u>1,231,917</u>	<u>1,231,917</u>
Total liabilities	\$ <u>409,283,784</u>	\$ <u>409,283,784</u>
 <u>Capital and surplus</u>		
Common capital stock	50	50
Gross paid in and contributed surplus	55,860,310	55,860,310
NYS Contingent Reserve	183,848,049	183,848,049
Aggregate write-ins for other surplus funds	655,234,023	655,234,023
Unassigned funds	<u>524,751,125</u>	<u>524,751,125</u>
Total capital and surplus	\$ <u>1,419,693,557</u>	\$ <u>1,419,693,557</u>
 Total liabilities, capital and surplus	 \$ <u><u>1,828,977,341</u></u>	 \$ <u><u>1,828,977,341</u></u>

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

Oxford Health Plans (NY), Inc. files its tax returns on a consolidated basis with other affiliated companies within the United Health Group, Inc. holding company.

B. Underwriting and Investment Exhibit

Capital and surplus increased \$963,654,917 during the five-year examination period, (January 1, 2003 through December 31, 2007) detailed as follows:

Revenue

Net premium income	\$ 14,392,090,135	
Change in unearned premium reserves and reserves for rate credits	9,241,270	
Aggregate write-ins for other health care related revenues	<u>284,364</u>	
Total revenue		\$ 14,401,615,769

Expenses

Hospital/medical benefits	8,972,419,705	
Other professional services	10,937,480	
Outside referrals	8,623,912	
Emergency room and out-of-area	816,514,690	
Prescription drugs	1,772,406,667	
Aggregate write-ins for other medical and hospital	9,148,072	
Incentive pools, withhold adjustments and bonus amounts	1,330,984	
Net reinsurance recoveries	<u>(181,343,319)</u>	
Total medical and hospital	11,410,038,191	
Claims adjustment expenses	280,694,277	
General administrative expenses	<u>1,052,139,285</u>	
Total underwriting expenses		<u>12,742,871,753</u>
Net underwriting gain		\$ 1,658,744,016
Net investment income earned		175,764,278
Net realized capital gains		18,878,546
Net gain from agents or premium balances charged off		<u>4,653,050</u>
Net income before federal income taxes		1,858,039,890
Federal and foreign income taxes incurred		<u>651,716,080</u>
Net income		\$ <u><u>1,206,323,810</u></u>

Change in Surplus

Capital and Surplus per report on examination as of December 31, 2002			\$ 456,038,640
	<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	
Net income	\$ 1,206,323,810	\$	
Change in net unrealized capital gains	269,525,902		
Change in net deferred income tax	810,941		
Change in non-admitted assets		(5,504,118)	
Transferred to surplus (capital changes)	75,000,000		
Dividends to stockholders		(914,000,000)	
Aggregate write-ins for gains or losses in surplus	<u>331,498,382</u>		
	\$ 1,883,159,035	\$(919,504,118)	
Net increase in surplus			<u>963,654,917</u>
Surplus per report on examination as of December 31, 2007			<u><u>\$ 1,419,693,557</u></u>

5. CLAIMS UNPAID

The examination liability of \$266,029,697 for the above captioned account is the same as the amount reported by OHP-NY 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 the HMO's internal records and 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 the HMO's past experience in projecting the ultimate cost of claims incurred on or prior to December 31, 2007.

6. RATE FILINGS

A review was conducted relative to OHP-NY's rate filings and accompanying actuarial certifications for its small group and direct pay point-of-service products for 2007 and 2008. The actuarial certifications which accompany rate filings made with the Insurance Department attest that the filings comply with the requirements of Section 4308(g) of the New York Insurance Law.

Section 4308(g)(1)(A) of the New York Insurance Law states the following in part:

“the anticipated incurred loss ratio for a contract form shall not be less than eighty-five percent for individual direct payment contracts...”

Section 4308(j) of the New York Insurance Law further states the following:

“The eighty-five percent minimum loss ratio for individual direct payment contracts described in subsections (g) and (h) of this section shall be reduced to eighty-two and one-half percent as of January first, nineteen hundred ninety-seven and shall be further reduced to eighty percent as of January first, nineteen hundred ninety-eight and thereafter.”

The HMO built into its Direct Pay POS rate tables an anticipated loss ratio of 75.9% and 78% for 2007 and 2008 respectively. The actuarial certification filed with the Department indicates that all the requirements of Section 4308(g) of the New York Insurance Law were satisfied, however, the expected loss ratios for both the 2007 and 2008 Standard Direct Pay POS filings were in violation of Section 4308(g) of the New York Insurance Law as they were both less than the 80% statutory requirement.

It is recommended that OHP-NY satisfy the minimum loss ratio requirements as set forth in Section 4308(g) of the New York Insurance Law when developing its rates for its Standard Direct Payment point of service products. Further, if the loss ratio for a contract form fails to comply with the statutory minimum loss ratio requirement noted above, the Plan shall issue a dividend or credit against future premiums as required by Section 4308(h)(2) of the New York Insurance Law.

7. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination as of December 31, 2002 contained fourteen (14) comments and recommendations as follows:

<u>ITEM NO.</u>		<u>PAGE NO.</u>
	<u>Management</u>	
1.	It is recommended that OHP-NY immediately withdraw its blanket approval for future dividends and ensure that all dividend requests are submitted to the board of directors for approval on a case by case basis. The HMO has complied with this recommendation.	5
2.	It is recommended that minutes be kept of all official meetings of the board of directors or the committees thereof. The HMO has complied with this recommendation.	5
	<u>Reinsurance</u>	
3.	It is recommended that OHP-NY discontinue reporting its conversion program with Celtic Insurance Company as reinsurance in Schedule S. The HMO has complied with this recommendation.	7
	<u>Investment Activities</u>	
4.	It is recommended that OHP-NY comply with New York Insurance Law §1404(a)(10)(B)(i) and ensure that it does not invest more than 10% of its admitted assets in the securities of any one institution. The HMO has complied with this recommendation.	10
5.	It is recommended that OHP-NY's investment guidelines be rewritten to clearly specify the types of investments that are permitted. The HMO has complied with this recommendation.	11

ITEM NO.**PAGE NO.**Investment Activities

6. It is recommended that OHP-NY remove the responsibility for final approval of financial transactions from the responsibility of providing financial direction to the custodian. 11
- This recommendation is no longer applicable.

Provider/TPA Arrangements – Risk-Sharing/ Fraud Prevention

7. 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. 12
- The HMO has not fully complied with this recommendation and it is repeated herein.

8. It is recommended that the Oxford ensure that its third party administrator Triad submit corrective action plans within the time period established within their contract. 13
- The HMO has complied with this recommendation.

Accounts and records

9. It is recommended OHP-NY take the necessary steps to ensure that all recoveries of medical expenses be applied to the appropriate lines of business. 14
- The HMO has complied with this recommendation.

10. It is recommended that OHP-NY document transactions in a manner that facilitates clear and accurate reporting and which will permit this Department to verify the correctness of the fees charged and the parties' adherence to the terms of the Agreement as required by Parts 98.10(a) of the Administrative Rules and Regulations of the Health Department. 15
- The Company has complied with this recommendation.

ITEM NO.**PAGE NO.**Accounts and records

- | | | |
|-----|--|----|
| 11. | It is recommended that OHP-NY properly classify its accounts within its financial statements. | 16 |
| | The HMO has complied with this recommendation. | |
| 12. | It is recommended that OHP-NY ask the pool administrator to delete any Oxford employee names from all rebate checks. | 16 |
| | The HMO has complied with this recommendation. | |

Medco Strategic Alliance Agreement

- | | | |
|-----|--|----|
| 13. | It is recommended that OHP-NY provide an appropriate share of its revenue from the sale of claim information to Medco to be returned to the New York policyholders. | 17 |
| | While not adopting the Department's position, OHP-NY 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 HMO has complied with this recommendation. | |

HIPAA Privacy Rules

- | | | |
|-----|---|----|
| 14. | 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. | 18 |
| | The U.S Department of Health and Human Services reviewed the HMO's Privacy Rules .and did not make any recommendations relative to such review. | |

8. SUMMARY OF COMMENTS AND RECOMMENDATIONS

<u>ITEM</u>	<u>PAGE NO.</u>
A. <u>Website - Healthy New York</u>	
It is recommended that the HMO establish a link to the Healthy New York website or provide information about the Healthy New York program on its website.	12
B. <u>Provider/Third Party Agreements</u>	
It is recommended that the HMO ensure that all of its third party administration agreements include appropriate specific standards for record retention in compliance with New York Insurance Department Regulation 152 (11 NYCRR 243.2(b)(4)and(8)).	13
A similar recommendation was made in the previous report on examination.	
C. <u>Accounts and Records</u>	
It is recommended that Oxford Health Plans (NY), Inc. 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 the NAIC's Statement of Statutory Accounting Principles (SSAP) No. 1.	14
D. <u>Rate Filings</u>	
It is recommended that OHP-NY satisfy the minimum loss ratio requirements as set forth in Section 4308(g) of the New York Insurance Law when developing its rates for its Standard Direct Payment point of service products. Further, if the loss ratio for a contract form fails to comply with the statutory minimum loss ratio requirement noted above, the Plan shall issue a dividend or credit against future premiums as required by Section 4308(h)(2) of the New York Insurance Law.	20

Appointment No. 22791

**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 Plans (NY), Inc.

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

Plan

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

