

OHIO DEPARTMENT OF INSURANCE

REPORT OF

MARKET CONDUCT EXAMINATION OF

UNITED HEALTHCARE INSURANCE COMPANY OF OHIO

NAIC #73518

AND

UNITED HEALTHCARE OF OHIO INC.

NAIC #95186

As Of

March 31, 2002





Bob Taft, Governor

Ann Womer Benjamin, Director

2100 Stella Court, Columbus, OH 43215-1067
(614) 644-2658 www.ohioinsurance.gov

July 19, 2004
Columbus, Ohio

Honorable Ann Womer Benjamin
Director of Insurance
Ohio Department of Insurance
2100 Stella Court
Columbus, Ohio 43215-1067

Director:

Pursuant to your instructions and in accordance with the powers vested under Title 39 of the Ohio Revised Code, a target market conduct examination was conducted on the Ohio business of:

United HealthCare Insurance Company of Ohio
NAIC Company Code 73518

United Healthcare of Ohio Inc.
NAIC Company Code 95186

The examination was conducted at the Company's Uniprise Regional Claims Processing Center, located at:

4316 Rice Lake Road, Duluth, Minnesota 55811

A report of the examination is enclosed.

Respectfully submitted,

A handwritten signature in cursive script that reads 'David R. Beck'.

David R. Beck
Chief, Market Conduct Division

Accredited by the National Association of Insurance Commissioners (NAIC)
Consumer Hotline: 1-800-686-1526 Fraud Hotline: 1-800-686-1527 OSHIIP Hotline: 1-800-686-1578

TABLE OF CONTENTS

SCOPE OF EXAMINATION	1
METHODOLOGY	1
UNITED HEALTHCARE INSURANCE COMPANY OF OHIO	2
UNITED HEALTHCARE OF OHIO INC.....	3
SUMMARY	5

SCOPE OF EXAMINATION

This examination was conducted in accordance with the standards and procedures established by the National Association of Insurance Commissioners (NAIC) and the Ohio Department of Insurance (the Department).

The purpose of the examination was to determine whether United HealthCare Insurance Company of Ohio and United Healthcare of Ohio Inc. (the Company), are processing claim denials in accordance with policy provisions and are not in violation of any unfair trade practices as provided in section 3901-1-07 of the Ohio Administrative Code.

METHODOLOGY

The Department asked the Company to provide a comprehensive list of health care claims that were closed without payment, i.e. denied, between October 1, 2001 and March 31, 2002. Due to the claim population size for United Healthcare of Ohio Inc., the population was separated by the Company's various processing centers and by the month the claim was closed. The Department pulled a random sample of 100 claims for each month from each processing center. The United HealthCare Insurance Company of Ohio had a much smaller population, therefore, a single random sample of 100 claims for each month was selected. Additional samples from each company were also pulled based on claim specific identifiers. Claims from capitated providers, self-funded plans, workers compensation, and Medicare, Medicare+Choice, Medicare Supplement and Medicaid claims were excluded.

A series of tests was designed and applied to the samples to determine the Company's level of compliance with Ohio insurance statutes and regulations. Specifically, the samples were reviewed for compliance with Ohio Administrative Code 3901-1-07, Ohio's unfair trade practices regulation. These tests are described and the results are noted in this report. In any instance where the Examiners could not find sufficient documentation for the examination test, the claim file documentation was considered incomplete.

In each test, the Examiners used the NAIC standard of 7% error ratio to determine whether an apparent pattern or practice of non-compliance existed for any given test.

The results of each test are reported separately. The Examiners provided a list of exceptions to the Company. The Company's response to this list was returned to the Examiners with notes as to whether the Company:

- concurred with the findings, and/or
- had additional information for the Examiners to consider, and/or
- proposed remedial action(s) to correct the apparent deficiency.

UNITED HEALTHCARE INSURANCE COMPANY OF OHIO

Standard: Denied and closed-without payment claims are handled in accordance with policy provisions and state law.

Test: Did the Company's claim denial practices conform to Section 3901-1-07 (C) (1-16) of the Ohio Administrative Code and were the claims appropriately denied according to policy provisions?

Findings: During the period, the Company denied 40,923 claims. The population was divided as follows:

Sample File Name	Population	Sample	Yes	No	Standard	Findings
f701s	4,900	50	46	4	93%	100%
f702s	4,943	50	49	1	93%	98%
f703s	6,616	100	95	5	93%	95%
f710s	5,153	100	99	1	93%	99%
f711s	5,236	100	99	1	93%	99%
f712s	6,127	100	100	0	93%	100%
a7010s	25	25	25	0	93%	100%
a7072s	59	59	57	2	93%	97%
a7087s	298	50	50	0	93%	100%
a7098s	1,850	50	48	2	93%	96%
a7284s	371	50	50	0	93%	100%
a7289s	363	50	50	0	93%	100%

a7292s	313	50	50	0	93%	100%
a7380s	327	50	50	0	93%	100%
a7381s	139	50	48	2	93%	96%
a7391s	42	42	42	0	93%	100%
a7459s	27	27	27	0	93%	100%
a7miss	4,134	50	50	0	93%	100%

The standard of compliance is 93%. The Company's claim denial practices meet or exceed the minimum standard in all 18 samples tested.

UNITED HEALTHCARE OF OHIO INC.

Standard: Denied and closed-without payment claims are handled in accordance with policy provisions and state law.

Test: Did the Company's claim denial practices conform to Section 3901-1-07 (C) (1-16) of the Ohio Administrative Code and were the claims appropriately denied according to policy provisions?

Findings: During the period, the Company denied 643,831 claims. The population was divided as follows:

Sample File Name	Population	Sample	Yes	No	Standard	Findings
cin901s	10,877	100	98	2	93%	98%
cin902s	11,674	100	97	3	93%	97%
cin903s	14,597	100	94	6	93%	94%
cin910s	13,869	100	97	3	93%	97%
cin911s	11,246	100	95	5	93%	95%
cin912s	13,622	100	98	2	93%	98%
cle901s	11,689	100	95	5	93%	95%
cle902s	13,449	100	95	5	93%	95%

cle903s	18,032	100	93	7	93%	93%
cle910s	14,933	100	96	4	93%	96%
cle911s	12,633	100	97	3	93%	97%
cle912s	15,866	100	98	2	93%	98%
col901s	22,703	100	100	0	93%	100%
col902s	25,272	100	99	1	93%	99%
col903s	33,842	100	96	4	93%	96%
col910s	28,501	100	97	3	93%	97%
col911s	25,406	100	99	1	93%	99%
col912s	32,211	100	98	2	93%	98%
day901s	20,782	100	97	3	93%	97%
day902s	24,806	100	99	1	93%	99%
day903s	30,580	100	93	7	93%	93%
day910s	28,886	100	99	1	93%	99%
day911s	22,457	100	98	2	93%	98%
day912s	27,506	100	93	7	93%	93%
a9010s	118	50	50	0	93%	100%
a9072s	72	50	49	1	93%	98%
a9087s	4,063	50	50	0	93%	100%
a9098s	990	50	50	0	93%	100%
a9284s	10,653	100	100	0	93%	100%
a9289s	7,262	100	98	2	93%	98%
a9292s	24,143	100	97	3	93%	97%
a9294s	866	50	50	0	93%	100%
a9349s	53	53	53	0	93%	100%
a9380s	19,607	100	100	0	93%	100%
a9381s	3,179	50	50	0	93%	100%
a9391s	559	50	50	0	93%	100%
a9459s	206	50	45	5	93%	90%
a9miss	85,647	100	99	1	93%	99%
net901s	10,254	100	95	5	93%	95%
net902s	11,699	100	99	1	93%	99%
net903s	13,409	100	97	3	93%	97%
net910s	8,076	100	96	4	93%	96%

net911s	7,466	100	92	8	93%	92%
net912s	7,243	100	94	6	93%	94%
net937s	37	37	37	0	93%	100%

The standard of compliance is 93%. The Company's claim denial practices meet or exceed the minimum standard in 43 of the 45 samples tested.

SUMMARY

The Company's performance in the targeted compliance areas met or exceeded the minimum standard in 61 of the 63 of the samples tested.

Throughout the course of the examinations of both United HealthCare Insurance Company of Ohio and United Healthcare of Ohio Inc., the Examiners found several instances where claims were inappropriately denied. Upon review with the Company, the Company agreed the claims were inappropriately denied and agreed to reprocess and pay the claims in question. At the conclusion of the examination, the Company agreed to supply the Examiners with documentation supporting the reprocessing and payment of the claims in question. The Examiners requested that the list be signed from a member of senior management.

The Company has assured the Examiners that the list of reprocessed and paid claims will be provided. The Company has been asked on several occasions, both on-site and by telephone after the Examiners returned, to supply the list of reprocessed and paid claims.

Recommendation:

Complete documentation must be provided as requested by the Department to document the reprocessing and payment of previously denied claims. See Section 3901-1-07 (3) of the Ohio Administrative Code. As of today's date, the Company has supplied the requested documentation.

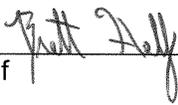
Additionally, the Examiners note that it is the Company's claims handling practice to deny all claims received that are not complete or are missing information to adjudicate a claim. Each time additional documentation is received by the Company, a new claim number is established. This practice can lead to multiple submissions from providers for the same claim, all with different claim numbers. Such denials appear to be in violation of Section 3901-1-60 (E)(1) (in effect until October 28, 2002).

To further complicate the situation, the 'Provider Remittance Advice' includes denial codes, but it lacks beneficial information that would enable a provider to successfully resubmit the claim. The Company's claims handling practice creates confusion, causes unnecessary re-submissions from providers and leads to an unnecessary number of denials from the Company.

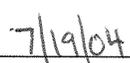
Originally, the Department had concerns with the denying of claims that were incomplete or missing information required for adjudication. These concerns were discussed with the Company. Given that Ohio's prompt pay law was amended effective on July 24, 2002, the Department did not pursue this issue in this exam.

The Department will be conducting an investigation to determine what processing or adjudication changes have been implemented to ensure that the Company's claims adjudication process is in full compliance with Ohio Revised Code 3901.38.1 et seq. In addition to other matters, the Department will be reviewing whether the Company properly requests additional information that may be required.

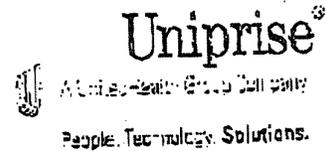
This concludes the report of the Market Conduct Examination of United HealthCare Insurance Company of Ohio and United Healthcare of Ohio Inc.



Brett C. Helf
Examiner in Charge



Date



MEMORANDUM

Date: Friday, April 09, 2004

To: Linda Cullen :

From: Joan Goossens *JG*

Re: OHO DOI audit from 2002

The OHO DOI audit of 2002 identified 2708 hospital claims and 71 physician claims were inappropriately denied and required adjustment.

We verified that all 2708 hospital claims and all 71 physician claims were adjusted in 2002.

Please let me know if you need anything else.

Sincerely,

Joan Goossens 4/9/04

Joan Goossens
Regional Quality Manger
Duluth, MN
218-279-6502