



Harvard Pilgrim Health Care

March 14, 2019

VIA E-MAIL

Stephen DeAngelis
Market Conduct Division
Connecticut Insurance Department
153 Market Street
Hartford, CT 06103

**Re: Harvard Pilgrim Health Care of Connecticut, Inc. and HPHC Insurance Company, Inc.
Market Conduct Exam**

Dear Mr. DeAngelis,

As required by the Stipulation and Consent Order entered into between Harvard Pilgrim Health Care of Connecticut, Inc. ("HPHC-CT"), HPHC Insurance Company, Inc. ("HPHC") (collectively "Harvard Pilgrim") and the State of Connecticut Insurance Department ("CID"), Harvard Pilgrim hereby submits its report of finding and summary of corrective actions taken to address the violations uncovered during the market conduct exam.

I. Introduction

The CID conducted a market conduct exam of Harvard Pilgrim from October 2, 2017 to March 22, 2018, using a sample period from January 1, 2014 to December 31, 2016. The results of this examination were detailed in the November 13, 2018 *Market Conduct Report* ("the Report"). In the Report, the CID issued five findings for HPHC totaling \$94,500 in fines and three findings for HPHC-CT totaling \$19,000 in fines.

II. Findings and Corrective Actions

A. Producer Licensing and Appointments

1. Findings

The CID examined lists of new business written during the Sample Period. They found that thirty-two individuals acted as agents and sold business without being appointed by Harvard Pilgrim. Twenty-eight of these sales were for HPHC products (\$42,000 fine) and four were for HPHC-CT products (\$6,000 fine). During the Sample Period, Harvard Pilgrim appointed agencies and at least one agent from each agency; however, the CID requires each agent at an agency to be appointed.

Additionally, two individuals who were not licensed brokers in the state of Connecticut acted as producers. Each case resulted in a \$5,000 fine, totaling \$10,000.

2. Corrective Actions

Harvard Pilgrim has taken several steps to improve these practices by adding steps to its appointment policy and process. Harvard Pilgrim updated its New Business linking process in 2018. This was done to address appointment issues and to ensure that all agencies and brokers are correctly appointed and linked to the correct group. In this improved system, Broker Relations now performs an additional validation of any agency it does not recognize as a Connecticut broker and if necessary, initiates the appointment process as detailed above. This, in addition to an initial appointment validation by Sales staff, ensures that commissions are correctly paid to appointed brokers and agencies. Finance also added a control when processing commissions where the compensation system will only generate commissions if there is a valid Connecticut appointment noted in the system.

B. Conducting Reasonable Investigations

1. Findings

The CID identified three categories of claims where Harvard Pilgrim did not conduct a reasonable investigation: (1) claims that were processed as out-of-network claims due to widespread systems issues; (2) vendor claims that Harvard Pilgrim denied instead of forwarding to the appropriate vendor; and (3) claims denied for miscellaneous reasons. HPHC-CT received \$10,000 in fines in these categories and HPHC received \$30,000 in fines.

a. Claims processed as out-of-network

First, Harvard Pilgrim experienced network problems when building a full state-wide network in a very short period of time. A high volume of new providers, coupled with a new system implemented to improve process flows, may have challenged the timeliness of enrollment for new providers. Providers may also have experienced a delay in being added to Harvard Pilgrim's network due to their unfamiliarity with Harvard Pilgrim's onboarding and credentialing processes. As part of the examination, Harvard Pilgrim identified, corrected and paid interest on all claims that had been processed incorrectly.

b. Forwarding claims to vendors

Second, it is the CID's position that Harvard Pilgrim must forward any claims it receives to its vendors. During the examination, Harvard Pilgrim, working with Optum, identified all claims that were denied for this reason. These claims were reprocessed and interest was paid.

c. Miscellaneous denials

Third, several claims were incorrectly denied. Some of these were out-of-network emergency room claims that should not have been denied. Others were for benefits that were configured incorrectly by the system. These were largely isolated issues and did not result in widespread denials.

2. Corrective Actions

a. Claims processed as out-of-network

Harvard Pilgrim had corrected these issues prior to the market conduct examination. When the issue was identified, Harvard Pilgrim assembled teams to diligently and expediently resolve these issues. Harvard Pilgrim corrected all incorrect provider network statuses. Claims were reprocessed and interest was paid, where needed, in accordance with Connecticut state law. Harvard Pilgrim also adjusted member cost sharing and reimbursed members if out-of-network cost sharing was erroneously collected rather than in-network cost sharing. To help identify any future issues, in circumstances where a provider's participation status changes, Harvard Pilgrim assesses previously processed claims to identify circumstances where such changes would lead to a reduction in member cost sharing liability. When identified, those claims are readjudicated to reimburse impacted members for their initial cost sharing over payment.

b. Forwarding claims to vendors

Harvard Pilgrim has created a process to identify and route claims to vendors, namely Optum, for processing if they are submitted to Harvard Pilgrim. This process forwards claims so that they are processed within the required prompt payment guidelines. Harvard Pilgrim reviewed and enhanced procedural documentation related to the impacted claims, including refining how claims are identified as medical or behavioral health claims to inform more accurate routing. Harvard Pilgrim has also modified the enrollment process for Substance Abuse Facilities to further enhance processing of mixed services claims so that Harvard Pilgrim can directly communicate with these providers on the status of the claims. Additionally, Harvard Pilgrim has taken other steps to ensure compliance with this requirement, including: enhancing the behavioral health claims routing logic to more accurately identify behavioral health claims as early as possible in the claims process; improving the provider enrollment processes for other types of behavioral health providers for better communication; and enhancing automatic routing capabilities.

c. Miscellaneous denials

Through Harvard Pilgrim's staff training processes (see below), specific concerns regarding claims that were inappropriately denied have been addressed through retraining for claims processors for the types of claims in question, claims adjudication system updates, and procedural changes for resolving provider-related claim pends.

C. Paying Claims in a Timely Manner

1. Findings

First, the examiners found many claims that were not paid within the prompt payment required timeframes. Second, the examiners found that Harvard Pilgrim had not deposited any interest due under \$1 into an interest-bearing account and donated such amounts to The University of Connecticut Health Center, as required by statute. During the examination, Harvard Pilgrim determined the amount owed and paid it. A process to hold this interest and pay it to UCONN annually has been established. HPHC-CT's fine for these issues was \$3,000 and HPHC's was \$2,500.

2. Corrective Actions

Harvard Pilgrim's claim processing staff is trained in all functional aspects of claim processing to ensure a timely and efficient response to the needs of Harvard Pilgrim's employer group accounts and individual members. All new employees attend a corporate orientation, including an overview of various departments. Following orientation, new claim processors attend a several-week medical claims training session on claim processing guidelines and system navigation and functionality. Training includes a combination of both teaching and hands-on methods. Training continues within the individual work teams during the adjudication of claims and/or through structured on-the-job training. Targeted new or refresher training modules are offered on an as-needed basis (i.e., address quality issues or new policies or procedures). For claims that require manual intervention, step by step guidelines are published on a dedicated intranet site. Training and guideline reviews and updates are performed as needed as well as routinely in conjunction with scheduled annual reviews of benefit, provider payment, and medical policies; internal and external audit findings; and process or procedure changes.

Claim Operations Management monitors claim pend inventory (which relates to prompt payment) and productivity daily by reviewing workflow system-generated reports. Claims are processed on a first in first out (FIFO) basis. Exceptions to this rule are infrequent.

As noted above, specific concerns regarding claims that were not correctly processed have been addressed through retraining for claims processors for the types of claims in question, claims adjudication system updates, and procedural changes for resolving provider-related claim pends.

Next, Harvard Pilgrim has created a process to ensure that all interest amounts of less than \$1 are donated to The University of Connecticut Health Center. Under this process, Harvard Pilgrim paid \$71.58 to UCONN at the end of January for interest amounts post-examination.

D. Documentation for Regulatory Review

1. Findings

The CID examined group terminations during the Sample Period. HPHC was unable to produce four group termination files for review. This failure to provide documentation resulted in a \$5,000 fine for HPHC.

2. Corrective Actions

To ensure there is sufficient documentation, each group that is installed with Harvard Pilgrim has an electronic file created. All sold paperwork, as well as any termination letters, are housed within the folder. The staff were retrained and reminded to not only keep the termination letter in a hard copy file, but to also scan the letter and file it in the electronic folder. All termination letters will also be attached to the task when requesting a termination.

E. Procedures for Policyholder Service

1. Findings

The CID examined complaints against HPHC through the Insurance Department. HPHC had issues dating back to 2016 with tracking and responding to complaints in a timely manner. HPHC had implemented a corrective action plan to address these issues; however, complaint tracking issues continued to occur as late as March 2018. The CID has fined HPHC \$10,000 for these issues.

2. Corrective Actions

To improve upon the corrective action plan already in place, Harvard Pilgrim took several measures to ensure that complaints are tracked and responded to in a timely manner. First, Harvard Pilgrim created a shared regulatory complaint email box (regulatory_complaints@harvardpilgrim.org). By having a general mailbox, emails are no longer lost or missed when sent to employees who may be out of the office or are no longer employed by Harvard Pilgrim. Several have access to this inbox and can monitor responses to ensure timeliness.

To make sure that no documentation is lost, Harvard Pilgrim staff now save screenshots of submitted responses, as those documents are deleted from the Connecticut portal after 30 days. Additionally, documents are saved on specific drives to retain information on all inquiries and provider complaints. Harvard Pilgrim is also working with a team to create a tracking and reporting tool for regulatory provider complaints that cannot be saved in a current system.

Finally, analysts received training on the timelines and requirements for responding to responding to complaints. Staff was trained on the response procedures, as well as the new above-mentioned measures.

III. Conclusion

Harvard Pilgrim has taken corrective steps in response to the violations uncovered during the CID's market conduct exam. Harvard Pilgrim is confident that these steps will ensure future compliance. Please feel free to contact me with any additional questions you have.

Sincerely,



Gillian Rattray Carcia
Assistant General Counsel
Harvard Pilgrim Health Care, Inc.