

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
COMPLIANCE EXAMINATION
STATUTORY DEPENDENT COVERAGE AND
AUTISM SPECTRUM DISORDERS LEGISLATION

OF

CONNECTICUT GENERAL LIFE INSURANCE COMPANY
MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: July 20, 2009 through August 28, 2009

EXAMINATION OF: Connecticut General Life Insurance
Company

LOCATION OF EXAMINATION: INS Offices in Philadelphia, PA and
Kansas City, MO

PERIOD COVERED BY EXAMINATION: December 12, 2008 - June 11, 2009

EXAMINERS: Shelly Schuman
Dennis Shoop

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I. SUMMARY

1. Connecticut General Life Insurance Company (the "Company") was subject to a limited scope Market Conduct Examination designed to assess compliance with two (2) pieces of legislation 215 ILCS 5/356z.14, Autism Spectrum Disorders, and 215 ILCS 5/356z.12, Dependent Coverage. The Autism Spectrum Disorder legislation was effective December 12, 2008. Its text is attached as Appendix A. The Dependent Coverage legislation was effective June 1, 2009. Its text is attached as Appendix B.

The Company was required to submit information on its underwriting practices to assess compliance with the provisions of 215 ILCS 5/356z.14, Autism Spectrum Disorders.

The Company was required to submit claims information data for all group insurance and individual insurance claims received between December 12, 2008 and June 11, 2009 if an insured had at least one (1) claim for autism submitted during the examination period. Standard industry diagnostic codes commonly referred to as ICD-9 Codes (*International Classification of Diseases, ninth revision*) were used to determine what qualified as an autism claim. Claim information was to be provided regardless of whether autism was listed as a primary or secondary diagnosis in connection with the treatment for which the claim was submitted. For example, claim information relating to an injury suffered by a passenger in an automobile accident which occurred in May 2009 would have been obtained if the injured passenger had had an autism related claim submitted in January 2009. Submitted data was analyzed to review basic statistical information and trends related to claim payment, claim denials, additional information requests and other dispositions.

The Company was required to submit information on the steps the company had taken to implement processes and procedures to meet the requirements of 215 ILCS 356z.12, Dependent Coverage.

It should be noted that the examination was limited to the Company's activities relating to its insurance business. The examination did not involve a review of the Company's, or any of its affiliates' activities as a claims administrator of ERISA qualified self funded plans. ERISA qualified self funded plans are not subject to the provisions of either the Autism Spectrum Disorders legislation or the Dependent Coverage legislation. ERISA qualified self-funded plans are subject to oversight by the US Department of Labor. A significant number of Illinois residents obtain health care coverage through ERISA qualified self funded plans.

II. BACKGROUND

This examination reflects the Illinois insurance activities of the Company, specifically as it relates to the Company's implementation of legislation regarding coverage for individuals with autism and coverage for adult dependent children. The examination was conducted on behalf of the Illinois Department of Insurance by INS Regulatory Insurance Services, Inc. It should be noted that the examination was limited to the Company's activities relating to its insurance business. The examination did not involve a review of the Company's, or any of its affiliates,' activities as a claims administrator of ERISA qualified self funded plans. ERISA qualified self funded plans are not subject to the provisions of either the Autism Spectrum Disorders legislation or the Dependent Coverage legislation. ERISA qualified self-funded plans are subject to oversight by the US Department of Labor. A significant number of Illinois residents obtain health care coverage through ERISA qualified self funded plans.

Project Description

A review of autism related claim information was selected from the Company utilizing ACL[®] software which provides a general evaluation of the payment, denial, pending and other claims handling practices related to claims under review.

Fields to be Collected

The fields selected for inclusion in the data request were extracted from the NAIC *Market Regulation Handbook* Standardized Data Calls. The fields include information designed to provide a snapshot of the numbers of claims received, paid and denied during the examination period.

Specific Information Collected

The Company was sent a letter with two (2) attachments requests along with an examination warrant. The first attachment to this letter was a request for data that included the fields identified for submission in the Company's data file. The second attachment was a series of interrogatories designed to extract information from the Company about its compliance with the recently enacted legislation.

III. COMPANY HISTORY AND ILLINOIS PREMIUM VOLUME

Connecticut General Life Insurance Company (the "Company") is a wholly-owned subsidiary of Connecticut General Corporation, an indirect wholly-owned subsidiary of CIGNA Corporation. The Company and its affiliates are a major provider of health care and related benefits, offered mainly through workplaces. The Company is domiciled in the state of Connecticut and licensed in all states, the District of Columbia, two (2) U.S. territories and Canada.

The Company has a national provider network that includes healthcare providers, as well as hospitals. The Company's product portfolio includes healthcare products as well as specialty products including dental, life and medical management. The largest line of business for the Company is the line of Group Accident and Health Insurance, followed by Individual Accident and Health Insurance, Ordinary Life Insurance, Group Life and Individual/Group Annuities.

The Company's 2008 Annual Statement reflects \$154,589,528 in Illinois direct group health insurance policy premiums and \$128,228,400 in Illinois direct group health insurance policy losses paid (Page 14 line 24). The Company's 2009 Annual Statement reflects \$143,961,408 in Illinois group health insurance policy direct premiums and \$119,047,045 in Illinois direct group health insurance policy losses paid.

The Company's Illinois Policy Count Report indicates that it had in force 1042 Large Group Comprehensive Major Medical insurance policies in 2009 with 17907 certificate holders. The Company's Illinois Policy Count Report indicates that it had in force 1042 Large Group Comprehensive Major Medical insurance policies in 2009 with 17907 certificate holders.

IV. METHODOLOGY

This limited scope Market Conduct Examination was designed to assess compliance with the Autism Spectrum Disorders law and the Dependent Coverage law. A two-fold approach to the examination included (1) interrogatories and (2) analysis of data submissions.

Interrogatories

There were a total of five (5) questions included in the interrogatories.

The first question related to the identification of the project coordinator.

The second and third questions were designed to determine whether autism was one of the criteria used when underwriting new individual health insurance applications. (Group health insurance policies are not allowed to refuse enrollment based on health status.) In addition, specific data regarding the numbers of applications that were denied coverage was collected.

The fourth question was designed to determine whether the Company was taking necessary actions to implement the requirements of the Autism Spectrum Disorders law.

The fifth question was designed to determine whether the Company was taking necessary actions to implement the requirements of the Dependent Coverage law. This law prohibits termination of individual or group health insurance coverage for dependents prior to their 26th birthday, regardless of the dependent's health status. (Note this legislation is not limited to dependents with autism).

Interrogatory questions are listed below along with the Company's response.

- 1. Please provide the name of the individual that is the company coordinator for this project along with telephone and email. This information should be submitted no later than June 25, 2009.**

A.J. Charman coordinated this examination for the Company. He was assisted by Emily Pickering.

- 2. Do the company's underwriting guidelines take into consideration autism?**

The diagnosis of autism is not taken into consideration by the Company when medically underwriting a policy to be delivered or issued for delivery in Illinois.

3. Provide the number of applicants denied for each 2008 and 2009 due to autism.

Year	Number of Applicants Denied due to Autism
2008	0
2009	0

4. Please explain what steps the company has taken to implement processes and procedures to meet the requirements of 215 ILCS 356z.14. Provide copies of procedures or bulletins issued to comply with this statute.

The Company reported that it has implemented procedures to implement processes and procedures for the Autism Spectrum Disorders legislation.

The Company developed a compliance instruction document titled *Developmental Disorders: Autism Spectrum Disorder* which was published outlining the effective date of the legislation, products and funding types affected, what the legislation provides, and how the Company will comply. The examiners reviewed this document and did not note anything that was inconsistent with the provisions of 215 ILCS 5/356z.14.

The Company reported that it has implemented a manual process to identify speech, occupational and physical therapy claims that may have been incorrectly denied during a particular month. The manual process had only identified one (1) claim that needed to be reprocessed at the time this examination occurred.

5. Please explain what steps the company has taken to implement processes and procedures to meet the requirements of 215 ILCS 356z.12. Provide copies of procedures or bulletins issued to comply with this statute.

The Company provided a series of documents to support its position that it had implemented processes and procedures designed to comply with the Dependent Coverage legislation. The Company provided four (4) sets of supplemental materials supporting its position on compliance:

1. The Company distributed two (2) Illinois Department of Insurance Question and Answer bulletins to the Sales Department related to the changes in dependent coverage and the changes to young adult dependent coverage per 215 ILCS 356z.12.
2. The Company created an overview of the law's requirements in its internal Company website system, referred to by the Company as its "Speed Read" posting.

3. The Company created and published a compliance instruction entitled *Eligibility: Dependent Age* which outlined the effective date, products and funding types affected the change to the law, what the law states and how the Company will comply.
4. The Company drafted a Department of Insurance disclosure letter to be mailed to all participants with medical and/or dental policies delivered or issued for delivery in Illinois, or who participate in one of the Company's two (2) affiliated HMOs, which outlines the law's eligibility dependent age requirements and expanded definition of dependent coverage.

The examiners reviewed this material and did not note anything that was in material non-compliance with the provisions of 215 ILCS 5/356z.12.

V. DATA ANALYSIS

Analysis of Company Data

A summary of the Company data analysis is listed below. The analysis was conducted using ACL[®] software.

The Company submitted a total of 946 transactions involving fifteen policyholders. These fifteen policyholders had had at least one (1) claim for autism submitted during the examination period. However, the majority of the 946 transactions were not autism specific claims. The Autism Spectrum Disorders legislation mandates coverage for a number of different treatments and services which are not unique to individuals with autism, such as psychiatric care, psychological care, counseling and speech and behavioral therapies. Accordingly, claim information was to be provided regardless of whether autism was listed as a primary or secondary diagnosis in connection with the treatment for which the claim was submitted. For example, claim information relating to an injury suffered by a passenger in an automobile accident which occurred in May 2009 would have been obtained if the injured passenger had had an autism related claim submitted in January 2009. This broader set of claims was chosen to ensure that coverage was not being denied to any individual with autism for any mandated treatment or service.

The total amount billed on these 946 transactions was \$134,836.30. Of this amount, the Company paid in full \$56,999.46 transactions and partially paid \$12,714.60 for a total of \$69,714.06. The Company provided the reasons why billed amounts were not paid. The examiners selected and reviewed a sample of claim files for compliance with 215 ILCS 356z.14. Questions were raised by the examiners about 19 denied claim lines. The claims questioned involve only 2 of the 15 policyholders. As a result, the Company adjusted four claims after the examiner review.

Additional information on the 946 claim transactions may be found in Appendix D.

VI. FINDINGS/RECOMMENDATIONS

The Company provided the examiners with documentation, information and materials to support its position that it has developed processes and procedures designed to maintain compliance with 215 ILCS 5/356z.14, Autism Spectrum Disorders and 215 ILCS 5/356z.12, Dependent Coverage. The examiners reviewed this documentation, information and material. The Company also provided the examiners with data and information on all claims submitted by any individual who had had submitted at least one claim with an autism related diagnosis during the examination period. The examiners analyzed this data and reviewed the information as well as a sample of claim files. The examination and sample files did not identify any instances in which the Company was in material non-compliance with the provisions of 215 ILCS 5/356z.14, Autism Spectrum Disorders or 215 ILCS 5/356z.12, Dependent Coverage.

The general impression of the examiners was that the implementation of the Dependent Coverage legislation went more smoothly than did the implementation of the Autism Spectrum Disorder legislation. The examiners note that other states had previously enacted legislation similar to Illinois' Dependent Coverage legislation. Accordingly, the Company had already established procedures and practices to comply with the similar legislation in other states. The Autism Spectrum Disorders legislation when enacted in Illinois was relatively unique. Accordingly, the Company did not already have in place procedures and practices to comply with the Autism Spectrum Disorder legislation in Illinois. After the Autism Spectrum Disorder legislation became effective in Illinois, issues of first impression arose which required resolution by the Company. While the examiners did not identify any areas in which the Company was in material non-compliance with Autism Spectrum Disorders legislation, the examiners did note that the Company's implementation of procedures and practices to comply with the Autism Spectrum Disorder legislation did not go as smoothly as its implementation of procedures and practices to comply with the Dependent Coverage legislation.

When asked to define what system modifications have been made to support the requirements, the Company responded that it had implemented a manual process. It is recommended that the Company complete the automation of requirements to comply with the Illinois autism mandate rather than continued reliance on manual processing of those claims, specifically, the manual process in place for identifying speech, occupational and physical therapy claims processing.

The process in place prior to the examination with regard to autism related claim transactions was such that the extraction or identification of claims was limited to those claims specifically coded with an autism diagnosis code. The examiners recommend that the Company's procedures be expanded to incorporate all claims for an individual with at least one (1) claim for autism or an autism related condition or treatment.

Appendix A
Insurance Code Section 356z.14
Autism Spectrum Disorders

(215 ILCS 5/356z.14)

(Text of Section from P.A. 95-1005)

Sec. 356z.14. Autism spectrum disorders.

(a) A group or individual policy of accident and health insurance or managed care plan amended, delivered, issued, or renewed after the effective date of this amendatory Act of the 95th General Assembly must provide individuals under 21 years of age coverage for the diagnosis of autism spectrum disorders and for the treatment of autism spectrum disorders to the extent that the diagnosis and treatment of autism spectrum disorders are not already covered by the policy of accident and health insurance or managed care plan.

(b) Coverage provided under this Section shall be subject to a maximum benefit of \$36,000 per year, but shall not be subject to any limits on the number of visits to a service provider. After December 30, 2009, the Director of the Division of Insurance shall, on an annual basis, adjust the maximum benefit for inflation using the Medical Care Component of the United States Department of Labor Consumer Price Index for All Urban Consumers. Payments made by an insurer on behalf of a covered individual for any care, treatment, intervention, service, or item, the provision of which was for the treatment of a health condition not diagnosed as an autism spectrum disorder, shall not be applied toward any maximum benefit established under this subsection.

(c) Coverage under this Section shall be subject to copayment, deductible, and coinsurance provisions of a policy of accident and health insurance or managed care plan to the extent that other medical services covered by the policy of accident and health insurance or managed care plan are subject to these provisions.

(d) This Section shall not be construed as limiting benefits that are otherwise available to an individual under a policy of accident and health insurance or managed care plan and benefits provided under this Section may not be subject to dollar limits, deductibles, copayments, or coinsurance provisions that are less favorable to the insured than the dollar limits, deductibles, or coinsurance provisions that apply to physical illness generally.

(e) An insurer may not deny or refuse to provide otherwise covered services, or refuse to renew, refuse to reissue, or otherwise terminate or restrict coverage under an individual contract to provide services to an individual because the individual or their dependent is diagnosed with an autism spectrum disorder or due to the individual utilizing benefits in this Section.

(f) Upon request of the reimbursing insurer, a provider of treatment for autism spectrum disorders shall furnish medical records, clinical notes, or other necessary data that substantiate that initial or continued medical

treatment is medically necessary and is resulting in improved clinical status. When treatment is anticipated to require continued services to achieve demonstrable progress, the insurer may request a treatment plan consisting of diagnosis, proposed treatment by type, frequency, anticipated duration of treatment, the anticipated outcomes stated as goals, and the frequency by which the treatment plan will be updated.

(g) When making a determination of medical necessity for a treatment modality for autism spectrum disorders, an insurer must make the determination in a manner that is consistent with the manner used to make that determination with respect to other diseases or illnesses covered under the policy, including an appeals process. During the appeals process, any challenge to medical necessity must be viewed as reasonable only if the review includes a physician with expertise in the most current and effective treatment modalities for autism spectrum disorders.

(h) Coverage for medically necessary early intervention services must be delivered by certified early intervention specialists, as defined in 89 Ill. Admin. Code 500 and any subsequent amendments thereto.

(i) As used in this Section:

"Autism spectrum disorders" means pervasive developmental disorders as defined in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders, including autism, Asperger's disorder, and pervasive developmental disorder not otherwise specified.

"Diagnosis of autism spectrum disorders" means one or more tests, evaluations, or assessments to diagnose whether an individual has autism spectrum disorder that is prescribed, performed, or ordered by (A) a physician licensed to practice medicine in all its branches or (B) a licensed clinical psychologist with expertise in diagnosing autism spectrum disorders.

"Medically necessary" means any care, treatment, intervention, service or item which will or is reasonably expected to do any of the following: (i) prevent the onset of an illness, condition, injury, disease or disability; (ii) reduce or ameliorate the physical, mental or developmental effects of an illness, condition, injury, disease or disability; or (iii) assist to achieve or maintain maximum functional activity in performing daily activities.

"Treatment for autism spectrum disorders" shall include the following care prescribed, provided, or ordered for an individual diagnosed with an autism spectrum disorder by (A) a physician licensed to practice medicine in all its branches or (B) a certified, registered, or licensed health care professional with expertise in treating effects of autism spectrum disorders when the care is determined to be medically necessary and ordered by a physician licensed to practice medicine in all its branches:

- (1) Psychiatric care, meaning direct, consultative, or diagnostic services provided by a licensed psychiatrist.
- (2) Psychological care, meaning direct or consultative services provided by a licensed psychologist.
- (3) Habilitative or rehabilitative care, meaning professional, counseling, and guidance services and treatment programs,

including applied behavior analysis, that are intended to develop, maintain, and restore the functioning of an individual. As used in this subsection (i), "applied behavior analysis" means the design, implementation, and evaluation of environmental modifications using behavioral stimuli and consequences to produce socially significant improvement in human behavior, including the use of direct observation, measurement, and functional analysis of the relations between environment and behavior.

(4) Therapeutic care, including behavioral, speech, occupational, and physical therapies that provide treatment in the following areas: (i) self care and feeding, (ii) pragmatic, receptive, and expressive language, (iii) cognitive functioning, (iv) applied behavior analysis, intervention, and modification, (v) motor planning, and (vi) sensory processing.

(j) Rulemaking authority to implement this amendatory Act of the 95th General Assembly, if any, is conditioned on the rules being adopted in accordance with all provisions of the Illinois Administrative Procedure Act and all rules and procedures of the Joint Committee on Administrative Rules; any purported rule not so adopted, for whatever reason, is unauthorized.

(Source: P.A. 95-1005, eff. 12-12-08.)

Appendix B
Insurance Code Section 356z.12
Dependent Coverage

215 ILCS 5/356z.12)

Sec. 356z.12. Dependent coverage.

(a) A group or individual policy of accident and health insurance or managed care plan that provides coverage for dependents and that is amended, delivered, issued, or renewed after the effective date of this amendatory Act of the 95th General Assembly shall not terminate coverage or deny the election of coverage for an unmarried dependent by reason of the dependent's age before the dependent's 26th birthday.

(b) A policy or plan subject to this Section shall, upon amendment, delivery, issuance, or renewal, establish an initial enrollment period of not less than 90 days during which an insured may make a written election for coverage of an unmarried person as a dependent under this Section. After the initial enrollment period, enrollment by a dependent pursuant to this Section shall be consistent with the enrollment terms of the plan or policy.

(c) A policy or plan subject to this Section shall allow for dependent coverage during the annual open enrollment date or the annual renewal date if the dependent, as of the date on which the insured elects dependent coverage under this subsection, has:

- (1) a period of continuous creditable coverage of 90 days or more; and
- (2) not been without creditable coverage for more than 63 days.

An insured may elect coverage for a dependent who does not meet the continuous creditable coverage requirements of this subsection (c) and that dependent shall not be denied coverage due to age.

For purposes of this subsection (c), "creditable coverage" shall have the meaning provided under subsection (C)(1) of Section 20 of the Illinois Health Insurance Portability and Accountability Act.

(d) Military personnel. A group or individual policy of accident and health insurance or managed care plan that provides coverage for dependents and that is amended, delivered, issued, or renewed after the effective date of this amendatory Act of the 95th General Assembly shall not terminate coverage or deny the election of coverage for an unmarried dependent by reason of the dependent's age before the dependent's 30th birthday if the dependent (i) is an Illinois resident, (ii) served as a member of the active or reserve components of any of the branches of the Armed Forces of the United States, and (iii) has received a release or discharge other than a dishonorable discharge. To be eligible for coverage under this subsection (d), the eligible dependent shall submit to the insurer a form approved by the Illinois Department of Veterans' Affairs stating the date on which the dependent was released from service.

(e) Calculation of the cost of coverage provided to an unmarried dependent under this Section shall be identical.

(f) Nothing in this Section shall prohibit an employer from requiring an employee to pay all or part of the cost of coverage provided under this Section.

(g) No exclusions or limitations may be applied to coverage elected pursuant to this Section that do not apply to all dependents covered under the policy.

(h) A policy or plan subject to this Section shall not condition eligibility for dependent coverage provided pursuant to this Section on enrollment in any educational institution.

(i) Notice regarding coverage for a dependent as provided pursuant to this Section shall be provided to an insured by the insurer:

(1) upon application or enrollment;

(2) in the certificate of coverage or equivalent document prepared for an insured and delivered on or about the date on which the coverage commences; and

(3) in a notice delivered to an insured on a semi-annual basis.

(Source: P.A. 95-958, eff. 6-1-09.)

Appendix C Claims Data Analysis Definitions

Prior to reviewing the analysis of the data submitted by the company, it may be useful to review the definitions of the terminology used in this report. The following information provides definitions for the headers used to explain the analysis of the data received by and from the Company.

Claim – a notification to an insurance company requesting payment of an amount due under the terms of the policy. One claim may contain multiple transactions or lines of payment requests.

Transaction/Line – A single electronic exchange to request payment for medical visit, product or service. Claims may contain more than one (1) transaction/line. (For example: one (1) claim may include separate bills for the medical visit, physical therapy and equipment. In this instance, the one (1) claim would be comprised of three (3) individual transactions or lines.) Transactions/Lines are often assigned distinct numbers.

Claim Status – The status of the transaction that is currently being processed. The various statuses for claims/transactions according to this Company include: uncategorized, closed without payment, denied, paid, partially paid or pending.

Amount Billed- The fees or charges billed by the provider.

Partial Denied Count – A partially denied count is the number of transactions where a portion of the amount billed by the provider or insured was denied. This may include certain Transactions/Lines within a claim without denying the entire claim.

Partial Denied Billed – A partially denied billed transaction is a transaction where a portion of the amount billed by the provider or insured was denied. There may be contractual reasons for a partial denial such as copayments or coinsurance requirements or payments may be reduced as a result of contracted benefit payments arrangements made with the provider. Partial denials may also occur if the policy's maximum benefit for a period of time has been reached. One (1) example of a maximum benefit may be seen where a policy has limits on the number of outpatient visits for mental/nervous disorders in a calendar quarter.

Uncategorized Claim Status – A transaction that is unidentified in the electronic payment system as not being paid, pending, denied or closed without payment. Generally, the uncategorized transactions are identified as “informational lines” or “adjustment lines” which are inadvertently inserted in a claim. The “informational lines” can cause the sample to be skewed if they are not identified in a population to be studied. The inadvertent selection of these lines will dilute the sample as they contain no actual claim payment information. Examiners needed to review an entire “Claim Event” in order to determine if certain lines were informational only and could be disregarded or if the claim contained any “Lines” that contained treatment codes corresponding to autism treatment even where the event may not appear to be autism related. An example of an uncategorized claim would be for the use of general anesthesia related to simple dental procedures. Normally the procedure would be performed with local dental anesthesia but in the case of an autistic child, more extensive treatment may have been necessary.

Closed Without Payment Transaction Status – A transaction that is closed without any payment.

Denied Transaction Status – A transaction that has been denied for payment. Denial for transactions could be for a number of reasons, such as the policy doesn’t cover that type of transaction, the provider is not authorized to bill for that type of transaction, or the coverage was terminated at the time the expense was incurred.

Paid Amount – Actual amount paid by an insurance company during a specified time interval.

Pending Transaction Status – A transaction that has not been paid, denied or closed without payment. Examples of pending transactions may include those that are currently in process or where more information has been requested before payment is considered.

Amount Billed – The amount billed to the insurance company for the claim or transaction.

Patient’s Responsibility – The amount of a claim or transaction which is to be paid by the insured. These amounts may apply to deductibles, coinsurance or other provisions in the insurance contract.

Provider Discount – A negotiated discount for services. These provider discounts are agreed to in contracts between the providers and insurance company or other affiliated network.

Maximum Allowable – The maximum amount payable per the contract.

Co-Pay (Copayment) – The copayment is an amount the insured pays in accordance with their insurance contract. This amount may be a flat dollar amount such as \$25 per office visit or may be a percentage of the billed amount such as 20% of the amount billed.

Deductible – A deductible is the amount of expenses that must be paid out of pocket before an insurer will cover certain benefits or expenses.

COB (Coordination of Benefits) – A group policy provision which helps determine the primary carrier when an insured is covered by more than one policy. This provision prevents claims overpayments.

EOB (Explanation of Benefits) – A document that explains the claim and its charges and discounts. The EOB identifies any copay or coinsurance owed, the amount have paid toward a deductible and any network discounts.

**Appendix D
Claims Payment Information**

Of the paid claims, 95 were partially denied in the amount of \$12,714.60.

Table 1 (Claim Status by Transaction)

<u>Transaction Status</u>	<u>Transaction Count</u>	<u>Amount Billed</u>	<u>Partial Denied Count</u>	<u>Partial Denied Billed</u>
Uncategorized	106	(7,564.25)	0	0.00
Closed w/o payment	114	12,827.62	0	0.00
Denied	181	62,427.37	0	0.00
Paid	471	56,999.46	95	12,714.60
Pending	74	10,146.10	0	0.00
Totals	946	134,836.30	95	12,714.60

Summary of Table 1 (Claim Status by Transaction)

During the period of review there were a total 946 claim transactions meeting the criteria of the data request. There were four hundred and seventy-one (471) of the total transactions, or 86% of the claims submitted that were paid by the Company in the amount of \$56,999.46. Ninety-five (95) of those claims were partially denied in the amount of \$12,714.60. Claims denied totaled 181 or 19% of the total claims transactions for an amount totaling \$62,427.37. An additional 114 claims were Closed without Payment and 106 claims were uncategorized for a negative amount. The negative amounts listed in the uncategorized transaction status field represent transactions/lines that are actually informational lines or adjustment lines inserted in a claim. In order to verify these amounts the examiners had to review the entire claim because the line above or below would contain the pertinent data and adjustment amounts.

Table 2 (Claim Payment Breakdown)

<u>Transaction Status</u>	<u>Transaction Count</u>	<u>Paid Amount</u>	<u>Amount Billed</u>	<u>Patient's Responsibility</u>	<u>Provider Discount</u>	<u>Maximum Allowable</u>	<u>Co Pay</u>	<u>Deductible</u>
Uncategorized	106	0.00	(7,564.25)	(6,802.25)	0.00	(8,072.25)	0.00	(1,270.00)
Closed w/o payment	114	0.00	12,827.62	0.00	823.09	9,007.39	973.77	7,210.53
Denied	181	0.00	62,427.37	62,427.37	0.00	62,427.37	0.00	0.00
Paid	471	35,791.69	56,999.46	217.00	1,209.61	44,917.84	2,375.23	758.74
Pending	74	0.00	10,146.10	9,874.10	0.00	9,874.10	0.00	0.00
Totals	946	35,791.69	134,836.30	65,716.22	2,032.70	118,154.45	3,349.00	6,699.27

Summary of Table 2 (Claim Payment Breakdown)

The total amount billed for all of these claims was \$134,836.30, with \$118,154.45, or 88% of that being the maximum allowable amount covered by the policy. The amount listed as the patient's responsibility is \$65,716.22, plus a copayment amount of \$3,349.00 and a deductible amount of \$6,699.27 for a total of cost to the consumers of \$75,764.49 or 56% of the total amount billed.

The reason for denial in the 181 files that were denied in full is included in the following table.

Table 3 (Reason for the Denial)

<u>Explanation of Denial Reason</u>	<u>Count</u>	<u>Amount Billed</u>
Plan excludes cosmetic or reconstructive procedures	8	640.00
Plan does not permit payment for type of provider	6	25,620.00
Plan does not provide coverage	20	4,265.00
We requested information with no response	4	507.00
Benefits are not payable except those listed in the schedule of benefits	12	1,134.00
Plan provides only for covered expenses for treatment or diagnosis of injury or illness	3	1,500.00
Benefits reduced due to failure to comply with pre-admission review as outlined in plan	2	300.00

<u>Explanation of Denial Reason</u>	<u>Count</u>	<u>Amount Billed</u>
This procedure code represents services integral to more complex primary procedure	1	156.00
Procedure denied as duplicate	2	235.00
Providers individual contract excludes billing for procedure	1	234.00
Preventive care expenses not covered by plan	3	424.00
Expenses for routine eye exams or refraction are not covered under your plan	3	269.00
Charges for treatment or surgery for obesity, weight reduction, or weight control are not covered under your plan	14	735.16
Charges for education or training are not covered under your plan	1	180.00
Charges for dental work or treatment, including hospital and/or professional charges are not covered under your plan	16	11,009.38
In order to determine payable, we need an itemized bill. Balance due statement and/or receipts are not acceptable	7	420.00
Benefits were reduced due to failure to comply with the pre-certification recommendations	42	2,894.00
Your behavioral health claim must be filed with the behavioral health administrator	35	11,885.30
Payment for one or more billed procedure codes has been denied because it is considered a component of this billed procedure	1	19.53
	<u>181</u>	<u>62,427.37</u>

Summary of Table 3 (Reason for Denial)

Of the 181 transactions that were denied, the largest number of denials (42) occurred because the benefits were reduced due to a failure to comply with the pre-certification recommendations, for an amount of \$2,894.00 or an average of \$68.90, per transaction. The second largest number of transactions to be denied (35) occurred because the behavioral health claim must be filed with the behavioral health administrator, for an average amount of \$339.58. The highest amount per transaction denied because the plan does not permit payment for type of provider, for an average of \$4,270 per transaction.

Table 4 (Autism Only Claims)

<u>Transaction Status</u>	<u>Transaction Count</u>	<u>Amount Billed</u>
Uncategorized	65	(3,444.00)
Closed w/o Payment	70	8,159.00
Denied	139	55,515.68
Paid	242	30,111.26
Pending	52	4,294.00
Totals	<u>568</u>	<u>94,635.94</u>

Summary of Table 4 (Autism Only Claims)

Of the original 946 claim transactions reported by the Company, 568 or 60% of those transactions were specifically coded with an autism related diagnostic code. Of the 568 autism specific claim transactions, 242 were paid in the amount of \$30,111.26 with 139 being denied in the amount of \$55,515.68.

Table 5 (Reason for the Denial-Autism Only)

<u>Explanation of Denial Reason</u>	<u>Count</u>	<u>Amount Billed</u>
Benefits were reduced due to failure to comply with the pre-certification recommendations	41	2,445.00
Your behavioral health claim must be filed with the behavioral health administrator	27	10,855.30
Charges for dental work or treatment, including hospital and/or professional charges are not covered under your plan	16	11,009.38
Plan does not provide coverage	15	1,845.00

<u>Explanation of Denial Reason</u>	<u>Count</u>	<u>Amount Billed</u>
Benefits are not payable except those listed in the schedule of benefits	12	1,134.00
Plan excludes cosmetic or reconstructive procedures	8	640.00
Plan does not permit payment for type of provider	6	25,620.00
We requested information with no response	4	507.00
Plan provides only for covered expenses for treatment or diagnosis of injury or illness	2	300.00
Preventative care expenses not covered by plan	2	289.00
Benefits reduced due to failure to comply with pre-admission review as outlined in plan	2	300.00
Procedure denied as duplicate	2	235.00
Charges for education or training are not covered under your plan	1	180.00
This procedure code represents services integral to more complex primary procedure	1	156.00
Totals	<u>139</u>	<u>55,515.68</u>

Summary of Table 5 (Reason for Denial-Autism Only)

Of the 139 autism specific claim transactions reported as having been denied, the largest number of denials (41) occurred because the benefits were reduced due to a failure to comply with the pre-certification recommendations, for an amount of \$2,445.00 or an average of \$59.63, per transaction. The second largest number of transactions to be denied (27) occurred because the behavioral health claim must be filed with the behavioral health administrator, for an average amount of \$402.05. The highest amount per transaction denied because the plan does not permit payment for type of provider, for an average of \$4,270.00 per transaction.