

**Report to the
Massachusetts Division of Insurance**

*on the Targeted Market Conduct Examination of
the Readiness of*

ConnectiCare of Massachusetts, Inc.

175 Scott Swamp Road, Farmington, CT 06032
for Compliance with M.G.L. c. 176O, §5A

For the Period September 1, 2011 through December 31, 2011

May 7, 2012

Table of Contents

FOREWORD	4
PROFILE.....	6
SCOPE OF EXAMINATION.....	7
EXAMINATION RESULTS	8
REPORT SUBMISSION	10
APPENDIX.....	11

The Honorable Joseph G. Murphy
Commissioner of Insurance
Massachusetts
Division of Insurance
1000 Washington Street, Suite 810
Boston, Massachusetts 02118-6200

Dear Commissioner Murphy:

Pursuant to your instructions and in accordance with Massachusetts General Laws, Chapter 175, Section 4, a targeted examination has been made of the market conduct affairs of:

ConnectiCare of Massachusetts, Inc.
("The Company")

at their home office located at:

**175 Scott Swamp Road
Farmington, CT 06032**

The following report thereon is respectfully submitted.

FOREWORD

This report on the market conduct examination of the Company is provided pursuant to the *NAIC Market Regulation Handbook*. Some practices, procedures and files subject to review during the examination were omitted from the report if no improprieties were noted.

The Commonwealth of Massachusetts conducted a series of targeted examinations to determine insurance company compliance with Massachusetts General Law (M.G.L.) Chapter (c.) 176O, § 5A. In accordance with that section, insurers are required to meet the following criteria no later than July 1, 2012:

1. Implementation of HIPAA compliant codes and forms;
2. Acceptance of standardized claim formats; and
3. Utilization of standardized code sets.

These examinations measured the companies' readiness to achieve 100 percent compliance with these requirements by July 1, 2012.

INS Regulatory Insurance Services, Inc. (INS) was engaged by the Division of Insurance ("Division") to conduct this series of targeted examinations, including the examination of ConnectiCare of Massachusetts Health Plans, Inc. In order to measure the Company's compliance with these impending requirements, INS engaged in the following:

- INS sent interrogatories to the Company which posed a series of questions regarding reports and information that demonstrate the Company's current level of compliance with M.G.L. 176O, § 5A.
- The Company provided responses to the interrogatories that included policies, procedures and reports illustrating their current level of compliance with the law.
- INS collected data samples from the Company, which were analyzed using ACL ® software.

- INS selected representative samples of claim data submissions and reviewed the same in an on-site visit to the Company.

PROFILE

ConnectiCare of Massachusetts Health Plans, Inc. was formed on December 28, 1999 as a Massachusetts corporation to operate as a Health Maintenance Organization (“HMO”). On June 30, 2000, the corporation’s name was changed to ConnectiCare of Massachusetts. Inc. (“CMI”).

CMI is wholly owned by ConnectiCare Capital LLC (“LLC”), a Connecticut limited liability corporation. LLC is wholly owned by ConnectiCare Holding Company, Inc. (“CHC”), a Connecticut stock corporation.

All employees of the organization are employees of LLC. CMI functions are performed by LLC employees at the organization’s corporate offices in Farmington, Connecticut.

On March 10, 2005, Health Insurance Plan of Greater New York (“HIP-NY”) acquired CHC. Pursuant to an agreement of affiliation by and between Group Health Incorporated (“GHI”), HIP Foundation, Inc. (“HIP Foundation”) and HIP-NY, the following transpired on November 15, 2006: (i) GHI, a New York not-for-profit corporation, admitted the HIP Foundation, a New York not-for-profit corporation and sole member and parent corporation of HIP-NY, as its sole member; (ii) the HIP Foundation’s officers and directors were reconstituted, and (iii) the HIP Foundation changed its name to “EmblemHealth, Inc.” Accordingly, EmblemHealth, as of November 15, 2006, is now the sole member and parent corporation of both HIP-NY and GHI and CMI’s ultimate parent.

CMI’s service area includes Berkshire, Franklin, Hampden and Hampshire counties as well as parts of Worcester county. As of December 31, 2011, CMI has a total of 3,732 members.

SCOPE OF EXAMINATION

The Division conducted an examination of the Company's status to be fully compliant with M.G.L. c. 176O § 5A as of July 1, 2012. Data was collected from the Company from the period of October 1, 2011 through December 31, 2011 (the "Examination Period"). Based on the submitted data, information was analyzed and sample files selected for review. The files were reviewed during an onsite visit, and the review included group and individual health insurance, but did not include disability income, long-term care, short-term travel, accident only, limited policies (including dental, vision, pharmaceutical policies, or specified disease policies) or policies or contracts designed for issuance to persons eligible for coverage under Title XVIII of the Social Security Act (Medicare). Only data for fully insured plans were included; self-insured or Administrative Services Only contracts were not included in the review.

EXAMINATION RESULTS

The following is a summary of examiner findings, along with related recommendations and required actions and, if applicable, subsequent Company actions made, as part of the targeted market conduct examination of the Company.

The Company identified a universe of 470 lines of claims with modifier codes 50, 51, 52, 59 and 91 that were reported during the Examination Period. A random sample of 109 claims was requested, received and reviewed. The claims were reviewed to verify compliance with M.G.L. c. 176O, § 5A.

No exceptions were noted.

The Company identified a universe of 5,310 lines of claims with a V diagnosis code claims that were reported during the Examination Period. A random sample of 109 claims was requested, received and reviewed. The claims were reviewed to verify compliance with M.G.L. c. 176O, § 5A.

No exceptions were noted.

The Company identified a universe of 2,347 denied claims reported during the Examination Period. A random sample of 109 claims was requested, received and reviewed. The claims were reviewed to verify compliance with M.G.L. c. 176O, § 5A.

No exceptions were noted.

The Company identified a universe of 18,202 paid claims reported during the Examination

Period. A random sample of 109 claims was requested, received and reviewed. The claims were reviewed to verify compliance with M.G.L. c. 176O, § 5A.

No exceptions were noted.

Finding(s):

In response to the interrogatory, the Company indicated that:

“ConnectiCare’s claim system processes claims based on CMS (Centers for Medicare and Medicaid Services) and NCCI (National Correct Coding Initiative) edits. The Company follows coding edits that are based on industry sources, including, but not limited to, CPT guidelines from the American Medical Association, specialty organizations, and CMS. In coding scenarios where there appears to be conflicts between sources, the Company applies the edits determined appropriate. ConnectiCare uses Claims Check ® and Integrated Claims Managed Services claims editing software products when making decisions about appropriate claim editing practices. The Company requires the use of current CPT, HCPCS¹ and ICD-9 coding. Deleted procedure codes are no longer accepted after the delete date. The Company accepts a CMS form or UB04 form completed as appropriate. If the required information is not present and correct on the form, it may be returned.”

The Company also indicated the percentage of compliance with each of the seven listed areas as follows:

1. HIPAA compliant codes and forms – 100%
2. HIPAA compliant forms - 100%
3. Standardized claim formats adopted by National Uniform Claim Committee (NUCC) - 100%

¹ HCPCS is Healthcare Common Procedure Coding System

4. Standardized formats adopted by the National Uniform Billing Committee (NUBC) - 100%
5. Code sets for International Classification of Diseases (ICD) -100%
6. Code sets for Current Procedural Terminology (CPT) -100%
7. Code sets for Common Procedural Coding System (HCPCS) -100%

During the on-site phase of the examination the Company demonstrated that they have implemented HIPAA compliant codes and forms, acceptance of standardized claim formats and utilization of standardized code sets.

Recommendation(s):

Based on the review of ConnectiCare of Massachusetts, Inc.'s responses, it appears that the Company is in compliance with M.G.L. c. 176O, § 5A. Consequently, no recommendations are warranted at this time to address any identified compliance issues.

REPORT SUBMISSION

This report of examination is hereby respectfully submitted.

Examiners:

INS Regulatory Insurance Services, Inc.

Frank W. Kyazze, Examiner-In-Charge

Sean Connolly, Examiner

Shelly G. Schuman, Supervising Insurance Examiner

APPENDIX

The following summarizes the data analysis conducted during the examination. All analyses were conducted utilizing ACL ® software. Duplicate claims were removed.

Total Number of Claims	22,830
Total Number of Paper Claims (claims submitted in hard copy form)	3,042
Total Number of Electronic Claims	19,788
Top 5 Reasons for Denial:	
1. Denied – Patient Is Not Eligible On Claim Date Of Service	17.39%
2. Denied – Unauthorized Non Participating Provider – Member May Be Billed	13.07%
3. Received Past Filing Limit – Participating Provider Cannot Bill Member	6.2%
4. Denied – Not a Covered Benefit	6.2%
5. CC-Procedure Replaced Through Our Coding System	5.27%
Percentage of Claims Paid	79.73%
Percentage of Claims Denied	10.28%
Percentage of Claims In Process	9.99%
Time to Process Claims:	
1-15 Days	93.22%
15-30 Days	5.33%
30-45 Days	1.19%
Over 45 Days	0.26%