State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor
Theodore K. Nickel, Commissioner

Wisconsin.gov

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Notice of Adoption and Filing of Examination Report

Take notice that the proposed report of the market conduct examination of the

CARE-PLUS DENTAL PLANS INC
11711 W BURLEIGH ST
WAUWATOSA WI 53222

dated May 1, 2012, and served upon the company on July 11, 2013, has been adopted as the final report, and has been placed on file as an official public record of this Office.

Dated at Madison, Wisconsin, this 19th day of November, 2014.

Theodore K. Nickel
Commissioner of Insurance

STATE OF WISCONSIN
OFFICE OF THE COMMISSIONER OF INSURANCE

MARKET CONDUCT EXAMINATION

OF

CARE-PLUS DENTAL PLANS INC.
WAUWATOSA, WISCONSIN

APRIL 16, 2012 TO MAY 1, 2012

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April 27, 2012

Honorable Theodore K. Nickel
Commissioner of Insurance
Madison, WI 53702

Commissioner:

Pursuant to your instructions and authorization, a targeted market conduct examination was conducted April 16 to May 1, 2012, of:

CARE-PLUS DENTAL PLANS INC.
Wauwatosa, Wisconsin

and the following report of the examination is respectfully submitted.

I. INTRODUCTION

Care-Plus Dental Plans, Inc., (the company) is a nonprofit group model limited service health organization (LSHO) insurer. A LSHO insurer is defined by s. 609.01 (3), Wis. Stat., as ". . . a health care plan offered by an organization established under ch. 185, 611, 613, or 614 or issued a certificate of authority under ch. 618 that makes available to its enrolled participants, in consideration for predetermined fixed payments, a limited range of health care services performed by providers participating in the plan."

The company was incorporated May 23, 1983, by Dr. John G. Gonis, under ch. 613, Wis. Stat., and commenced business May 23, 1983. The company is controlled by Dr. John Gonis, who is the chairman for the board of directors. The company provides primary and specialty care through the provider Dental Associates Ltd. of Wisconsin (Dental Associates). Dental Associates has eight dental centers in the south/eastern/central part of Wisconsin (Milwaukee, Wauwatosa, Kenosha, Appleton, Green Bay, Fond du Lac, and Appleton) and employs over 109 dentists and specialists.

The provider contract between the company and Dental Associates transfers the risk to Dental Associates. Dental Associates provides dental benefits and administrative services on behalf of the company members. The company has no employees. Necessary staff is provided through the agreement with Dental Associates. Under the agreement, effective January 1, 2009, Dental Associates agrees to perform "such administrative, accounting, solicitation, promotion or other functions required for maintaining and operating the Plans. Such services shall include but shall not be limited to program planning and development, financial systems and services, provider and member services, including complaint resolution devices, benefit administration, utilization review services, office management and billings, collections and accounts administration including any record keeping required to effectively perform such services and marketing and promotion of the Care-Plus Plans."

Premium and Loss Ratio Summary Table

2011				
Line of Business	**Net Premium Income**	**% of Total Premium**	**Net Losses Incurred**	**Medical Loss Ratio**
Comprehensive	$		$	
Dental Only	20,537,533	100%	20,162,185	98.17
Vision Only				
All Other Health				
Total	$20,537,533	100%	$20,162,185	98.17
2010				
Line of Business	**Net Premium Income**	**% of Total Premium**	**Net Losses Incurred**	**Medical Loss Ratio**
Comprehensive	$		$	
Dental Only	19,777,318	100%	19,428,673	98.23
Vision Only				
All Other Health				
Total	$19,777,318	100%	19,428,673	98.23

Complaints

The Office of the Commissioner of Insurance (OCI) received two complaints against the company between January 1, 2010, through December 31, 2011. A complaint is defined as "a written communication received by the Commissioner's Office that indicates dissatisfaction with an insurance company or agent." The following table categorizes the complaints received against the company by type of policy and complaint reason for 2011. There were no complaints received in 2010.

2011

Reason Type	Total Complaints	Claims	%
Health			
Individual A&H			
Group A& H			
HMO			
PPO			
LHSO	2	2	100%
All others			
Total	**2**	**2**	**100%**

Grievances

The company submitted annual grievance experience reports to OCI for 2010 and 2011 as required by s. Ins 18.06, Wis. Adm. Code. A grievance is defined as "any dissatisfaction with an insurer offering a health benefit plan or administration of a health benefit plan by the insurer that is expressed in writing to the insurer by, or on behalf of, an insured including any of the following: provision of services, determination to reform or rescind a policy, or claim practices."

The following table summarizes the grievances for the company. The company's grievance report indicated it did not receive grievances in 2010.

	2011			2010		
Category	**No.**	**No. Reversed**	**% Reversed**	**No.**	**No. Reversed**	**% Reversed**
Access to Care			%			
Continuity of Care						
Drug and Drug Formulary						
Emergency Services						
Experimental Treatment						
Prior Authorization						
Not Covered Benefit	1					
Not Medically Necessary						
Other						
Plan Administration	2	1	50			
Plan Providers	1					
Request for Referral						
Total	4	1	100%			

II. PURPOSE AND SCOPE

A targeted market conduct examination was conducted to determine whether the company's practices and procedures comply with the Wisconsin insurance statutes and rules. The examination focused on the period from January 1, 2010, through December 31, 2011. In addition, the examination included a review of any subsequent events deemed important by the examiner-in-charge during the examination.

The examination was limited to a review of the insurer's operations in grievances; policyholder service and complaints; policy forms; claims; company operations and management; managed care; marketing, sales and advertising; and producer licensing.

The report is prepared on an exception basis and comments on those areas of the company's operations where adverse findings were noted.

III. CURRENT EXAMINATION FINDINGS

Grievances

The examiners reviewed the company's response to OCI's grievance interrogatory, certificates of coverage, grievance procedures, the grievance experience reports for 2010 and 2011, and the four grievances filed during the period of review.

The examiners reviewed the four grievances filed during the period of review. The examiners found that one grievance was an e-mail. The file indicated that the company called the member to discuss the issue but the file did not contain any notes as to what was discussed or how the grievance was resolved. The company's written grievance procedures did not include reference regarding how it handled grievances received by e-mail. The company indicated that e-mailed grievances were to have unique identification numbers but the examiners found the e-mail grievance reviewed did not contain a unique number listed on the grievance. Section 632.83, Wis. Stat., requires that every health benefit plan establish and use an internal grievance procedure that is approved by the Commissioner and complies with s. 632.83 (3), Wis. Stat., for the resolution of the grievance.

1. **Recommendation:** It is recommended that the company update its grievance procedures to include a process for handling e-mailed grievances to ensure compliance with s. 632.83, Wis. Stat.

The examiners found one grievance that was not date stamped according to company procedures. The examiners found that three of the grievances did not contain a copy of the acknowledgment letter, including the one e-mailed grievance. Company procedures indicated that an acknowledgment letter would be sent within five days of receipt of the grievance. The company did not process the three as grievances so the company did not send an acknowledgment letter within five days. Section Ins 18.03 (4), Wis. Adm. Code, states that an insurer shall within five business days of receipt of a grievance, deliver or deposit in the mail a written acknowledgment to the insured confirming receipt of the grievance.

2. **Recommendation:** It is recommended that the company, within five days of receipt of a grievance, send a written acknowledgment to comply with s. Ins 18.03 (4), Wis. Adm. Code.

The examiners found one grievance where the company upheld the original denial and found that the company did not offer the member an opportunity to appear before the grievance hearing panel as required by s. Ins 18.03 (3), Wis. Adm. Code, which states that the grievance procedure utilized by an insurer shall include all of the following: a method whereby the insured who filed the grievance has the right to appear in person before the grievance panel to present written or oral information; a written notification to the insured of the time and place of the grievance meeting at least seven calendar days before the meeting; and reasonable accommodations to allow the insured to participate in the meeting. The panel's written decision to the insured shall be signed by one voting member of the panel and include a written description of position titles of panel members involved in making the decision. The company stated that the grievance procedure was explained in the employee certificate given to the member and stated that it was not company practice to include the grievance procedure in the denial but would be incorporated into the company procedures. The examiners' review of the filed policy forms indicated that the grievance procedure was in compliance with s. Ins 18.03 (3), Wis. Adm. Code. However, the company's procedures did not reference convening a grievance panel or sending the required notices to the member.

3. **Recommendation:** It is recommended that the company update its internal written grievance procedures to follow the procedures written in its policies and to comply with s. Ins 18.03 (3), Wis. Adm. Code.

The examiners reviewed the five emergency claims filed during the period of review. The examiners found that the company did not notify the insureds of the right to file a grievance when it denied a claim or benefit as required by s. Ins 18.03 (2), Wis. Adm. Code. The company acknowledged that it did not have a policy or procedure in place to be compliant with the regulation and indicated that it would develop a procedure to be compliant.

4. **Recommendation:** It is recommended that the company develop a policy and procedure for notifying insureds of the right to file a grievance in order to document compliance with s. Ins 18.03 (2), Wis. Adm. Code.

Policyholder Service and Complaints

The examiners reviewed the company's response to OCI's policyholder service and complaints interrogatory. The company's policyholder service activities were part of the administrative service functions provided to the company by means of a provider and administrative services agreement with Dental Associates.

The examiners reviewed the two complaints received by OCI during 2010 and 2011 involving the company. The examiners found that the company did not maintain a complaint log. The company indicated that most calls it received were regarding change of address or plan information. If company staff received a telephone complaint and could not resolve the complaint, the member was provided the information necessary to file a formal grievance. Section Ins 18.06 (1), Wis. Adm. Code, regarding reporting requirements provides that the insurer shall keep each record of each complaint submitted to the company and retain these records for a period of at least three years and made available for review during examination.

5. **Recommendation:** It is recommended that the company develop a policy and procedure for maintaining a complaint log in order to document compliance with s. Ins 18.06 (1), Wis. Adm. Code.

Policy Forms

The examiners reviewed the company's response to OCI's policy forms interrogatory and the forms that were in use or submitted as file and use during the period of review. The company filed its form transmittals as paper filings and did not utilize the electronic filing in the System for Electronic Rate and Form Filing (SERFF). The company utilized law firms to draft its form submissions.

The examiners reviewed 16 submissions the company made during the period of review. The examiners also verified that the policies, certificates, enrollment forms, and

applications in use during the period of review had been filed with OCI. No exceptions were found.

Claims

The examiners reviewed the company's response to OCI's claim interrogatory, explanation of benefits (EOB) format and the five claims for emergency services received during the period of review. The company did not have claim procedures or manuals to review nor did it utilize a remittance advice form for providers.

The company stated that because of the unique provider relationship between Dental Associates it did not need typical claim processing. Dental Associates was the exclusive provider for the company and therefore the company did not process claims for other providers. The company entered procedures for the dates of service at the completion of the appointment by the clinic into a system called Dental Associates System (DAS) and the benefits were automatically adjusted nightly based on the contracted benefits for each group set up in the dental system. When the company received an out-of-network claim for emergency services provided outside of Dental Associates, the claim was processed for payment according to the $80 emergency service coverage of the managed care contract. This benefit was only for the managed care group plans. A request for a check was processed to reimburse the member for the maximum benefit.

The company stated that members were provided a treatment estimate at the time of their exams and diagnosis. The estimate stated the allowable amount of each procedure covered by their plan. The estimate was calculated based on the annual maximum and benefit coverage. The estimate included the member's out-of-pocket expense. In addition, at the end of the appointment, a walk-out summary was generated that stated the amount of charges, amounts covered by the plan, and the remaining member balance.

The examiners reviewed the five emergency claims the company received during the period of review. The examiners requested that the company demonstrate compliance with s.

628.46, Wis. Stat., and s. Ins 6.11, Wis. Adm. Code, regarding timely payment of claim for two claims were paid 62 and 82 days from the receipt of the claim. The company responded that due to a computer issue that occurred and that there was no process in place it could not document that the claims were paid on a timely basis.

6. **Recommendation:** It is recommended that the company develop a procedure to determine if interest is due and how interest will be calculated for emergency claims to comply with s. 628.46, Wis. Stat., and s. Ins 6.11, Wis. Adm. Code.

Managed Care

The examiners reviewed the company responses to OCI's managed care interrogatory and the plan administration activities, which included a review of the company's provider list. A sample of 20 provider agreements were requested; however, the company utilized 1 provider agreement template. The examiners also compared all 25 terminated providers with the online provider directory and no terminated provider appeared in the directory.

The examiners asked the company for a description of its credentialing and recredentialing procedures and guidelines. The company responded that it did not do credentialing as it had one provider, Dental Associates. The company explained that Dental Associates was responsible for appropriately staffing its clinics with qualified providers, including general dentists and specialists that were appropriate for the company client needs. The examiners found that the provider and administrative services agreement between the company and Dental Associates did not mention credentialing. The agreement indicated that Dental Associates was authorized to enter into agreements with providers of dental and other services as it deemed necessary or appropriate to carry out the terms of the agreement.

7. **Recommendation:** It is recommended that the company develop a process for maintaining a complete record of the credentialing policies and procedures and a credentialing plan to comply with s. Ins 9.42 (6) (c), Wis. Adm. Code.

Marketing, Sales, and Advertising

The examiners reviewed the company's response to OCI's marketing, sales, and advertising interrogatory, and the company's marketing file for the period of review. The company's marketing file consisted of Dental Associates' advertisements along with pamphlets about the dental plans that were marketed by the company's internal sales representatives.

The company offered a limited range of dental coverage. Basic dental coverage such as diagnostic, preventative, restorative, fixed and removable prosthetics, endodontic, oral surgery, orthodontics, and periodontics was provided. The company marketed to groups and individuals. The company used both internal sales representatives and outside brokers to sell the group business. The individual plans were only sold within the clinics by the patient care coordinator. The company products were as follows:

Individual Plans

1. Care-Plus Supplemental—(started in 1983) individual policies designed to supplement traditional dental indemnity plans,
2. Care-Plus Gold—(started in 1986) individual policies for persons over 55 years of age without any other dental coverage, and
3. Care-Plus VIP—(started in 1997) individual policies for persons with no other dental insurance.

Group Plans

1. Care Plus E-VIP—(started in 2009) a discount plan for small employee groups, and
2. Care Plus Managed Care Plan (DHMO)—(started in 1986) employer-sponsored dental plan.

The examiners' review of the company's marketing materials found sales cold call gift certificates in the amount of $50 to $100 for use towards dental services at Dental Associates. The gift certificates were specifically targeted towards individual groups the company was attempting to solicit and were not made available to all members of the public. The advertisement also specifically mentioned the company's dental plans and no other insurers' plans even though other insurers utilize Dental Associates' providers. Section 628.34 (2), Wis. Stat., which states no insurer, employee of insurer or intermediary may seek to induce

any person to enter into an insurance contract by offering benefits not specified in the policy. The company stated that the cold call certificates were to be used towards dental services at Dental Associates and there was no requirement to purchase a company policy to be eligible for the gift certificate. However, the examiners noted that the advertisement also specifically mentioned the company's dental plans and no other insurers' plans even though other insurers utilize Dental Associates' providers.

8. **Recommendation:** It is recommended that the company cease utilizing the cold call gift certificates to comply with s. 628.34 (2), Wis. Stat.

Producer Licensing

The examiners reviewed the company's response to OCI's producer licensing interrogatory, the appointment and termination procedures, the agency agreement with the company, a sample of 10 active agents, and all 10 terminated agents during the period of review.

The examiners reviewed the 10 files for agents terminated during the period of review. The examiners found that 3 agent files did not contain a copy of the 30-day notification of termination that was sent to OCI. The examiners asked the company to demonstrate compliance with s. Ins 6.57 (2), Wis. Adm. Code, which states the notice of termination of appointment shall be filed prior to or within 30 calendar days of the termination date with OCI. The company responded that procedures would be updated to include this requirement when the company was notified of a broker termination by an agency.

The examiners asked the company how it reconciled the Annual Billing statement sent to the company by OCI. The company provided a letter it stated was sent annually to agencies that requested updated termination and appointment information and any additions of appointments.

The examiners requested that the company describe its procedures for terminating brokers and requesting the return of indicia, along with a sample copy of all termination letters

or notices used. The company indicated that terminations were not handled by the company, but rather by the agency where the broker was employed. The company did not provide copies of termination letters or notices. The examiners reviewed the agency agreement and found that it did not state the agency's responsibility to appoint or terminate the broker that would demonstrate compliance with s. Ins 6.57, Wis. Adm. Code. Section Ins 6.57 (1), Wis. Adm. Code, requires notification of an appointment to OCI within 15 days of signing an agent contract or an application for insurance is submitted. Section Ins 6.57 (2), Wis. Adm. Code, requires the notification to OCI of agent terminations within 30 days of the termination date.

9. **Recommendation:** It is recommended that the company develop a procedure for reconciling the Annual Billing statement to make sure each agent is properly appointed in order to document compliance with s. Ins 6.57, Wis. Adm. Code.

10. **Recommendation:** It is recommended that the company implement a procedure for notification to OCI of agent appointment and agent termination to comply with s. Ins 6.57, Wis. Adm. Code.

11. **Recommendation:** It is recommended that the company develop a termination letter to comply with s. Ins 6.57 (2), Wis. Adm. Code, and that the agent termination letter include a formal demand for the return of all indicia of agency to comply with s. 628.40, Wis. Stat.

During an interview with the company, it stated that each Dental Associates' clinic had a licensed insurance agent who sold the individual plan to the member and that there may be a Dental Associates' procedure regarding the oversight of the agent. The examiners requested that the company provide the name of the agent(s) at each of the Dental Associates' clinic along with a copy of the agent oversight procedure. The company responded that the applications were completed at the dental facilities and then given to the patient care coordinator along with the payment. The application was then forwarded to the company administrative office where the application was reviewed, by a licensed agent, for completeness and accuracy. The enrollment was entered into the Planager system to which the dental clinics did not have access. The company provided two clinic procedures that the patient care coordinator followed, "Chapter 6 Completing the Care+Plus Dental Plan Application" and

"Chapter 4 Deposit Documentation." Section Ins 6.57 (5), Wis. Adm. Code, states that no insurer shall accept business from any intermediary unless that intermediary is a licensed agent appointed with that insurer. Section 628.03 (1), Wis. Stat., requires a person obtain a license to perform any service of an intermediary in the state.

12. **Recommendation:** It is recommended that the company utilize licensed and appointed insurance agents who sell the individual plans in the Dental Associates' clinic to comply with s. Ins 6.57 (5), Wis. Adm. Code, and s. 628.03 (1), Wis. Stat.

Company Operations and Management

The examiners reviewed the company's response to OCI's company operations and management interrogatory, the board minutes, and the provider contract with Dental Associates. The examiners did not review company market regulation compliance audits as the company indicated the only audits conducted during the period of review were financial audits. The examiners also interviewed the company compliance officer.

The examiners requested that the company provide a copy of its compliance plan. The company responded that no formal compliance plan existed. It also explained that it was not subject s. Ins 9.42 (1), Wis. Adm. Code, as the code does not apply to a limited scope dental plan if the plan is provided under a separate policy or certificate.

OCI routinely requests a copy of an examinee's compliance plan in order to review the company's compliance infrastructure and controls, to identify the departments responsible for ensuring compliance, and to verify the board's oversight of the company's compliance program. This requirement is not specific to managed care compliance.

13. **Recommendation:** It is recommended that the company develop an overall compliance plan identifying staff, committee and board roles in ensuring compliance oversight of the plan.

IV. CONCLUSION

This examination resulted in 13 recommendations in the areas of grievances; claims; company operations and management; managed care; marketing, sales and advertising; and producer licensing.

V. SUMMARY OF RECOMMENDATIONS

Grievances

Page 6 — 1. It is recommended that the company update its grievance procedures to include a process for handling e-mailed grievances to ensure compliance with s. 632.83, Wis. Stat.

Page 7 — 2. It is recommended that the company, within five days of receipt of a grievance, send a written acknowledgment to comply with s. Ins 18.03 (4), Wis. Adm. Code.

Page 7 — 3 It is recommended that the company update its internal written grievance procedures to follow the procedures written in its policies and to comply with s. Ins 18.03 (3), Wis. Adm. Code.

Page 8 — 4 It is recommended that the company develop a policy and procedure for notifying insureds of the right to file a grievance in order to document compliance with s. Ins 18.03 (2), Wis. Adm. Code.

Policyholder Service and Complaints

Page 8 — 5 It is recommended that the company develop a policy and procedure for maintaining a complaint log in order to document compliance with s. Ins 18.06 (1), Wis. Adm. Code.

Claims

Page 10 — 6. It is recommended that the company develop a procedure to determine if interest is due and how interest will be calculated for emergency claims to comply with s. 628.46, Wis. Stat., and s. Ins 6.11, Wis. Adm. Code.

Managed Care

Page 10 — 7. It is recommended that the company develop a process for maintaining a complete record of the credentialing policies and procedures and a credentialing plan to comply with s. Ins 9.42 (6) (c), Wis. Adm. Code.

Marketing, Sales, and Advertising

Page 12 — 8. It is recommended that the company cease utilizing the cold call gift certificates to comply with s. 628.34 (2), Wis. Stat.

Producer Licensing

Page 13 — 9. It is recommended that the company develop a procedure for reconciling the Annual Billing statement to make sure each agent is properly appointed in order to document compliance with s. Ins 6.57, Wis. Adm. Code.

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Page 14 12. It is recommended that the company utilize licensed and appointed insurance agents who sell the individual plans in the Dental Associates' clinic to comply with s. Ins 6.57 (5), Wis. Adm. Code, and s. 628.03 (1), Wis. Stat.

Company Operations and Management

Page 14 13. It is recommended that the company develop an overall compliance plan identifying staff, committee and board roles in ensuring compliance oversight of the plan.

VI. ACKNOWLEDGMENT

The courtesy and cooperation extended to the examiners during the course of the examination by the officers and employees of the company is acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination.

Name	Title
Linda Low	Insurance Examiner
Bill Strelow	Insurance Examiner

Respectfully submitted,

Lynn Pink
Examiner-in-Charge