

Notice of Adoption and Filing of Examination Report

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

Atrium Health Plan, Inc.
PO Box 64179
St. Paul, MN 55164-0179

dated August 1999, and served upon the company on October 1, 1999, 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 ninth day of December, 1999.

Connie L. O'Connell
Commissioner of Insurance

A REPORT
OF THE
MANAGED CARE ACTIVITIES OF
ATRIUM HEALTH PLAN, INC.
HUDSON, WI
AUGUST 1999

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October 1, 1999

Honorable Connie L. O'Connell
Commissioner of Insurance
Madison, Wisconsin

Commissioner:

Pursuant to your instructions and authorization, a review of the managed care activities

was made of:

Atrium Health Plan, Inc.
Hudson, WI

The report of these activities is herein respectfully submitted.

I. INTRODUCTION

Atrium Health Plan, Inc. (Atrium) was incorporated August 17, 1984, as HMO Midwest, and commenced business that day. In 1995, the name of the HMO was changed to Atrium Health Plan, Inc. The HMO is controlled by Blue Cross and Blue Shield of Minnesota, a nonprofit health service organization.

Atrium can be described as a nonprofit, network model health maintenance organization (HMO) insurer. Under the network model, Atrium provides care through contracts with clinics and independent physicians operating out of their separate offices.

Atrium was not on OCI's above-average complaint summary for 1998. The Wisconsin average was .06 complaints per \$100,000 of written premiums for all group accident and health insurance business in the state.

COMPLAINTS

Categories	1998	1997
Underwriting	1	0
Marketing & Sales	1	0
Claims	4	3
Policyholder Service	2	2
Other	0	0
COMPLAINT TOTAL	8	5

(Complaints may involve more than one category)

The OCI complaints involving claim administration include referral, access, and quality assurance issues.

OCI categorizes grievances based on the annual submission of grievance experience reports by managed care plans.

1998 GRIEVANCES

Categories	Number	Number Reversed
Out-of-Network Provider	2	1
Prescription Drug	0	0
Preexisting Condition	5	3
Out-of-Area Emergency	0	0
Emergency Room	2	2
Durable Medical	0	0

No Preauthorization	6	5
Non-covered Benefit	2	1
Not Medically Necessary	2	0
Usual and Customary	0	0
Request for Preauthorization	0	0
Request for Referral	0	0
Maximum Benefit Reached	0	0
Other	3	0
TOTAL	22	12

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II. PURPOSE AND SCOPE

The examination was conducted to determine whether Atrium's practices and procedures comply with the health insurance provisions of 1997 Wisconsin Act 237, which became effective as of January 1, 1999. These new laws direct certain activities of managed care plans.

The examination was limited to a review of the following company practices and procedures:

- Provider choice
- Access standards
- Continuity of care
- Quality assurance
- Data systems and confidentiality
- Formularies and experimental treatments

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III. SUMMARY AND FINDINGS

The examination was conducted as a desk audit of materials received in response to a managed care interrogatory sent July 1999.

PROVIDER CHOICE

Section 609.05, Wis. Stat., requires that a managed care plan permit its enrollees to choose freely among participating providers. However, it may require an enrollee to designate a primary provider and to obtain health care services from the primary provider when reasonably possible. Further, the managed care plan may also require that the enrollee obtain a referral from the primary provider prior to receiving services from other participating providers. The examiners reviewed the language in Atrium's certificate of coverage, referral form, provider directory, and provider manual in order to document that any limitations on obtaining health services meet the requirements of Wisconsin insurance law. Atrium offers an HMO plan that requires the selection of a primary care clinic and utilization of its referral process. The primary care clinic (PCC) is required to have a

referral process in place. The PCC submits a referral form to Atrium, indicating the length of time the referral should be effective, the provider the member is referred to, and the type of service to be provided. Atrium processes claims for referred services based on the PCC's authorization. The examiners found that Atrium has a process that permits a choice among available participating providers.

ACCESS STANDARDS

Section 609.20, Wis. Stat., provides that enrollees of a managed care plan not be forced to travel excessive distances to receive health care services. The examiners reviewed Atrium's interrogatory response, quality improvement (QI) plan, and provider directories. Atrium states that it uses geo-mapping software to review access standards. It monitors member complaints and clinic capacity to determine if additional primary care clinics should be added. Atrium stated that it has not received during 1999 any complaints or grievances regarding excessive travel. The examiners found that Atrium did not document that it has developed a process for ensuring that enrollees do not have to travel excessive distances. Therefore, it is recommended that Atrium develop a process for ensuring that enrollees are not forced to travel excessive distances to receive health care services, as required by s. 609.20, Wis. Stat.

Section 609.22, Wis. Stat., created access standards for managed care plans that require a plan to have sufficient number, and sufficient types, of providers to meet the anticipated needs of its enrollees, with respect to covered benefits. The examiners reviewed Atrium's provider contracts, QI plan, and provider directories. Atrium's provider directories indicate whether a clinic is accepting new patients. Atrium's QI plan requires the establishment of formal access standards, which at the time of this report had not been developed. It has delegated to Blue Cross Blue Shield of Minnesota's customer service center administrative management of complaint resolution activities. Atrium's medical director receives tracking and trending reports. Atrium monitors complaints and member satisfaction surveys as an indicator of access. The examiners found that Atrium did not document that it has developed a process to ensure that the plan has a sufficient number of participating providers. Therefore, it is recommended that Atrium develop a formal process to ensure the plan has a sufficient number of participating providers, as required by s. 609.22, Wis. Stat.

Standing Referrals

Section 609.22 (4), Wis. Stat., requires a managed care plan that requires a referral to a specialist to have a referral process that includes a means to apply for standing referrals, and that the process be published in certificates and policies. All of Atrium's policies require a referral to participating or nonparticipating specialists. The examiners found that Atrium has language approved by OCI regarding standing referrals, which is included in some of its certificates of coverage and policies. However, not all certificates of coverage include the appropriate language. Therefore, it is recommended that Atrium document that it has submitted to OCI for approval, language in all of its policies and certificates of coverage regarding its referral procedures, including standing referrals, as required by s. 609.22 (4) (a) 3, Wis. Stat.

Second Opinions

Section 609.22 (5), Wis. Stat., requires that a managed care plan provide an enrollee with

coverage for a second opinion from another participating provider. Atrium states that it does provide coverage for second opinions either through direct access to providers or through a referral from their PCC. It follows the same procedures as it does for referrals. The examiners found that some of Atrium's policies and certificates of coverage included a positive statement explaining an enrollee's right to a second opinion. However, not all certificates of coverage and policies include the appropriate language. Therefore, it is recommended that Atrium submit to OCI for approval, language in all its policies and certificates of coverage regarding an enrollee's right to coverage of a second opinion in order to comply with s. 609.22 (5), Wis. Stat.

Emergency Care Access

Section 609.22 (6), Wis. Stat., requires that those managed care plans providing coverage of emergency services cannot restrict that coverage by requiring prior authorization. Managed care plans also must provide that coverage to a dependent child who is a full-time student attending school outside the geographic service area of the plan. The examiners found that Atrium's certificate of coverage, member handbook, and provider directory included appropriate explanations of this mandated benefit.

Telephone Access

Section 609.22 (7), Wis. Stat., requires that a managed care plan provide telephone access for sufficient time during business and evening hours to ensure that enrollees have adequate access to routine health care services for which coverage is provided under the plan. Atrium's customer service hours are 8:00 a.m. to 4:30 p.m. Monday through Friday. Its provider agreements require primary care physicians to provide 24-hour emergency health services for enrollees. Atrium also utilizes a 24-hour FirstHelp nurse line. The examiners found that Atrium has a process to provide telephone access for sufficient time to ensure adequate access to routine health care services.

Access Plan For Certain Enrollees

Section 609.22 (8), Wis. Stat., requires that a managed care plan develop an access plan to meet the needs, with respect to covered benefits, of its enrollees who are members of underserved populations. Atrium states that its service area has a very small ethnic minority population. Atrium's customer service department has access to translators when necessary. The examiners found that Atrium has not conducted an evaluation of its plan and providers in order to define underserved populations and identify the services available to assist these populations. Therefore, it is recommended that Atrium develop a formal access plan to meet the needs, with respect to covered benefits, of its enrollees who are members of underserved populations, as required by s. 609.22 (8), Wis. Stat.

CONTINUITY OF CARE

Section 609.24, Wis. Stat., requires that a managed care plan provide coverage to an enrollee for the services of a provider, regardless of whether the provider is a participating provider at the time the services are provided, if the managed care plan represented that the provider was, or would be, a participating provider in marketing materials that were provided or available to the enrollee. The examiners reviewed Atrium's certificate of coverage, its rules and regulations, and provider agreements. Atrium's continuity of care procedures are explained in its rules and regulations, which the examiners found was in

compliance with s. 609.24, Wis. Stat. The examiners also found that the provider contracts included language regarding continuity of care and the appropriate reimbursement language. Atrium has language approved by OCI regarding continuity of care, which is included in some of its certificates of coverage and policies. However, not all certificates of coverage and policies include the appropriate language. Therefore, it is recommended that Atrium submit to OCI for approval, language in all of its certificates of coverage and policy regarding an enrollee's right to continuity of care in order to comply with s. 609.24 (1), Wis. Stat.

QUALITY ASSURANCE

Section 609.32 (1), Wis. Stat., requires that a managed care plan develop comprehensive quality assurance standards that are adequate to identify, evaluate, and remedy problems related to access, continuity, and quality of care. The examiners reviewed Atrium's quality improvement plan and provider agreements. Atrium has delegated to Blue Cross Blue Shield of Minnesota's quality council oversight of its quality improvement plan. However, Atrium's medical director and board of directors have final accountability for network quality. The examiners found that Atrium has a process that allows it to address access, continuity, and quality of care issues.

Provider Selection and Credentialing

Section 609.32 (2), Wis. Stat., requires that a managed care plan develop a process for selecting participating providers, including written policies and procedures that the plan uses for review and approval of providers. The examiners reviewed Atrium's provider contracts, provider and practitioner participation requirements, and quality improvement plan. Atrium delegates to Blue Cross Blue Shield of Minnesota credentialing of providers. Atrium's medical director will review and make determinations on all credentialing issues referred by Blue Cross Blue Shield of Minnesota's credentialing staff. The examiners found that Atrium has in place a written formal ongoing process for the selection and verification of participating provider credentials and for the biennial reevaluation of these participating providers.

Section 609.30, Wis. Stat., provides that a managed care plan is not allowed to limit the provider's disclosure of information, to or on behalf of an enrollee, about the enrollee's medical condition or treatment options through contracts with participating providers. Further, the participating providers may not be penalized in any way for doing so, or for making referrals to other participating providers. The examiners reviewed Atrium's provider agreements. The examiners found that Atrium's provider contracts did not include specific language that contractually limits a provider's ability to disclose medical information to enrollees.

Section 609.17, Wis. Stat., requires that a managed care plan notify the medical examining board or appropriate affiliate credentialing board attached to the medical examining board of any disciplinary actions taken against a participating provider who holds a license or certificate granted by the board or affiliated credentialing board. The examiners reviewed Atrium's provider contracts, an excerpt from the credentialing/recredentialing policy manual and quality improvement plan. Atrium's credentialing policy states that Blue Cross Blue Shield of Minnesota reports any disciplinary action taken against a participating provider to the medical examining board. The examiners found that Atrium has a process for reporting disciplinary actions involving

plan providers.

Section 609.34, Wis. Stat., requires that a managed care plan make the medical director responsible for clinical protocols, quality assurance activities and utilization management policies of the plan. It is also required that a physician be appointed to the position. The examiners reviewed the position description for Atrium's medical director. The medical director is responsible for providing medical management support in areas of utilization management, quality improvement, and in the development of medical management standards. The medical director reports directly to the vice president of health care improvement. The examiners found that Atrium's position description for the medical director requires a medical degree, and assigns responsibility for medical management, including utilization management, quality management, provider education, and health population management.

DATA SYSTEMS AND CONFIDENTIALITY

Section 609.36, Wis. Stat., requires that a managed care organization provide certain information to the Commissioner of Insurance concerning plan structure, benefits and exclusions, cost-sharing requirements, and participating providers. It also is required to have written policies and procedures to ensure confidentiality of enrollee medical records and enrollee communications. The examiners reviewed Atrium's provider agreements, confidentiality policy, and quality improvement plan. The examiners found that Atrium has a process for providing information to the Commissioner of Insurance and for exercising control and oversight over the confidentiality of medical records and enrollee communications.

FORMULARIES AND EXPERIMENTAL TREATMENTS

Section 609.83, Wis. Stat., regarding coverage of drugs and devices and s. 609.84, Wis. Stat., regarding experimental treatment, provide that HMOs are subject to ss. 632.853 and 632.855, Wis. Stat., respectively. Section 632.853, Wis. Stat., requires health plans that provide coverage of only certain specified prescription drugs or devices to develop a process through which a physician may present medical evidence to obtain an individual patient exception for coverage of a prescription drug or device not routinely covered by the plan. Section 632.855, Wis. Stat., requires health plans that limit coverage of experimental treatment to define the limitation and disclose the limits in any agreement, policy, or certificate of coverage. It also requires that a plan that receives a request for prior authorization of an experimental procedure issue a coverage decision within five working days. If the plan denies coverage to an insured with a terminal condition or illness, the plan must include in the denial letter the medical and scientific reasons for the denial and a notice of the enrollee's right to appeal. The examiners reviewed Atrium's certificate of coverage, appeals process procedure, and experimental treatment policies and procedures. Atrium states that its medical review department is authorized to make determinations regarding experimental or investigational services, treatments, or procedures. Atrium's procedures indicate a decision will be made within two working days after all information is obtained and proper notice is sent to the enrollee. The examiners found that Atrium has a process to review requests involving experimental treatments and nonformulary drugs and devices.

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IV. SUMMARY

The review of Atrium's managed care activities indicates that the plan has in place policies, procedures, and committee and staff resources to facilitate the provision of quality medical care to its enrollees. The report includes six recommendations, three of which require that Atrium redraft language in its certificate of coverage and policy. The examiners found that Atrium could document that it has a process in substantial compliance with the requirements of the health insurance provisions of 1997 Wisconsin Act 237.

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V. RECOMMENDATIONS

[Access Standards](#)

1. It is recommended that Atrium develop a process for ensuring that enrollees are not forced to travel excessive distances to receive health care services, as required by s. 609.20, Wis. Stat.
2. It is recommended that Atrium develop a formal process to ensure the plan has a sufficient number of participating providers, as required by s. 609.22, Wis. Stat.

[Standing Referrals](#)

3. It is recommended that Atrium document that it has submitted to OCI for approval, language in all its policies and certificates of coverage regarding its referral procedures, including standing referrals, as required by s. 609.22 (4) (a) 3, Wis. Stat.

[Second Opinions](#)

4. It is recommended that Atrium submit to OCI for approval, language in all its policies and certificates of coverage regarding an enrollee's right to coverage of a second opinion in order to comply with s. 609.22 (5), Wis. Stat.

[Access Plan For Certain Enrollees](#)

5. It is recommended that Atrium develop a formal access plan to meet the needs, with respect to covered benefits, of its enrollees who are members of underserved populations, as required by s. 609.22 (8), Wis. Stat.

[Continuity of Care](#)

6. It is recommended that Atrium submit to OCI for approval, language in all of its certificates of coverage and policy regarding an enrollee's right to continuity of care in order to comply with s. 609.24 (1), Wis. Stat.

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VI. ACKNOWLEDGMENT

In addition to the undersigned, the following personnel from the Office of the Commissioner of Insurance participated in the examination and preparation of this report.

Jamie Sanftleben, Insurance Examiner

The cooperation and courtesy extended to the examiners is hereby acknowledged.

Respectfully submitted,

Diane Dambach
Examiner-in-Charge

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Updated: January 3, 2000