State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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Jorge Gomez, *Commissioner*

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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

Wisconsin Physicians Service Insurance Corporation
1717 West Broadway
Madison WI 53713

dated December 29, 2004, and served upon the company on June 23, 2005, 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 27th day of October, 2005.

Jorge Gomez
Commissioner of Insurance

STATE OF WISCONSIN
OFFICE OF THE COMMISSIONER OF INSURANCE

MARKET CONDUCT EXAMINATION

OF

WISCONSIN PHYSICIANS SERVICE INSURANCE CORPORATION
MADISON, WISCONSIN

NOVEMBER 01-DECEMBER 16, 2004

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December 29, 2004

Honorable Jorge Gomez
Commissioner of Insurance
Madison, WI 53702

Commissioner:

Pursuant to your instructions and authorization, a targeted market conduct examination was conducted November 01 to December 16, 2004, of:

WISCONSIN PHYSICIANS SERVICE INSURANCE CORPORATION
Madison, Wisconsin

and the following report of the examination is respectfully submitted.

I. INTRODUCTION

Wisconsin Physicians Service was created in 1946 as a division of the State Medical Society, under the authority of ch. 148, Wis. Stat. Wisconsin Physicians Service Insurance Corporation (WPS), a successor nonprofit service insurance corporation, was incorporated on April 27, 1997, and commenced business the same day.

WPS is a domestic insurance company, which was licensed to operate in Wisconsin and Ohio during 2002 and 2003. The company offers individual and group major medical coverage and preferred provider organization (PPO) plans, and individual short-term and Medicare supplement policies. The company contracts with preferred provider networks to provide discounts to its PPO enrollees.

The company reported written premium in Wisconsin only in 2002 and 2003. All of the premium written by the company in 2002 and 2003 was accident and health.

The following tables summarize the premium written and incurred losses in Wisconsin for 2002 and 2003 broken down by line of business.

Premium and Loss Ratio Summary

2003				
Line of Business	**Direct Premiums Earned**	**% of Total Premium**	**Direct Losses Incurred**	**Pure Loss Ratio**
Comprehensive	$249,302,255	83%	$197,514,895	85%
Medicare Supplement	39,906,130	13	24,920,258	11
Dental Only	4,314,585	1	3,337,440	1
All Others	7,879,317	3	6,900,876	3
Total	$301,402,287		$232,673,469	

2002				
Line of Business	**Direct Premiums Earned**	**% of Total Premium**	**Direct Losses Incurred**	**Pure Loss Ratio**
Comprehensive	$242,490,211	83%	$202,209,066	87%
Medicare Supplement	36,408,881	12	23,148,741	10
Dental Only	4,533,516	2	3,428,937	1
All Others	8,325,886	3	5,332,560	2
Total	$291,758,494		$234,119,304	

In 2002, WPS ranked as the 11th largest writer of group accident and health insurance in Wisconsin. In 2003, WPS ranked as the 12th largest writer of group accident and health insurance in Wisconsin. In both 2002 and 2003, WPS ranked as the 2nd largest writer of small employer group insurance in Wisconsin. The company's total small employer premiums reported increased from $105,548,966 in 2002 to $121,312,119 in 2003, representing a gain of 15%.

In 2002, WPS ranked as the 2nd largest writer of individual accident and health insurance in Wisconsin, with $64,899,282 in premiums written. In 2003, WPS ranked as the 2nd largest writer of individual accident and health insurance in Wisconsin, with $75,322,250 in premiums written. This represents a gain of 14%. WPS also ranked as the 5th largest writer of Medicare supplement insurance in Wisconsin in 2003. The following tables summarize the company's Medicare supplement business for the last two years:

2003				
Classification	**Premiums Earned**	**Amount Incurred Claims**	**% of Premiums Earned - Incurred Claims**	**Number of Covered Lives**
Individual Medicare Supplement Policies				
Most Current 3 Years	$10,087,410	$ 6,719,061	66.608	7,433
All Years Prior to Most Current 3 Years	28,545,043	18,429,238	64.562	11,029

2002				
Classification	**Premiums Earned**	**Amount Incurred Claims**	**% of Premiums Earned - Incurred Claims**	**Number of Covered Lives**
Individual Medicare Supplement Policies				
Most Current 3 Years	$ 8,289,286	$ 6,073,955	73.275	6,271
All Years Prior to Most Current 3 Years	28,727,262	22,019,235	76.649	11,323

Complaints

The Office of the Commissioner of Insurance (OCI) received 294 complaints against WPS between January 1, 2003, through May 31, 2004. 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 WPS by type of policy and complaint reason. There may be more than one type of coverage and/or reason for each complaint.

As of May 31, 2004						
Reason Type	**Total**	**Underwriting**	**Marketing & Sales**	**Claims**	**Policyholder Service**	**Other**
Coverage Type	**No.**	**No.**	**No.**	**No.**	**No.**	**No.**
Individual A&H	25	11		9	4	1
Group A&H	7			7		
HMO	1			1		
PPO	35	4	1	27	1	2
All Others	24			22	1	1
Total	92	15	1	66	6	4

2003						
Reason Type	**Total**	**Underwriting**	**Marketing & Sales**	**Claims**	**Policyholder Service**	**Other**
Coverage Type	**No.**	**No.**	**No.**	**No.**	**No.**	**No.**
Individual A&H	55	22	2	29	2	
Group A&H	10			9	1	
HMO						
PPO	110	7	1	93	7	2
All Others	53			51	2	
Total	228	29	3	182	12	2

Grievances

The company offers products that meet the definition of PPO plans and health benefit plans (HBP), and submitted annual grievance experience reports to OCI for 2002 and 2003 for each product category as required by s. Ins 18.06, Wis. Adm. Code. A grievance is defined as, "any dissatisfaction with the provision of services or claims practices of 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."

The PPO and HBP grievance reports for 2003 indicate the company received a total of 493 grievances, 117 or 24% were reversed or a compromise was reached. The majority of the grievances filed with the company in 2003 were related to medical necessity and plan administration. The company categorized 33% of the grievances reported in 2003 as 'Other.' In addition, the company provided a resolution of 'Withdrawn' for 37% of the grievances reported in 2003.

The PPO and HBP grievance reports for 2002 indicate the company received 350 grievances, 130 or 29% were reversed or a compromise was reached. The majority of the grievances filed with the company in 2002 were related to medical necessity. The company categorized 21% of the grievances reported in 2002 as 'Other.' The following table summarizes the grievances reported by the company for the prior two years:

	2003	2002
Category	**No.**	**No.**
Access to Care	0	0
Continuity of Care	0	1
Drug & Drug Formulary	3	0
Emergency Services	0	0
Experimental Treatment	13	28
Prior Authorization	58	25
Not Covered Benefit	43	57
Not Medically Necessary	101	130
Other	161	73
Plan Administration	111	36
Plan Providers	0	0
Request for Referral	0	0
Total	493	350

II. PURPOSE AND SCOPE

A targeted examination was conducted to determine compliance with the previous market conduct examination. The examination determined whether the company's practices and procedures comply with the Wisconsin insurance statutes and rules. The examination focused on the period from January 1, 2003, through June 30, 2004. 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 company's operations in the areas of claims, grievances & independent review, managed care, marketing, sales & advertising, electronic commerce, policyholder service & complaints, privacy & confidentiality, producer licensing, small employer, and underwriting & rating.

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

III. PRIOR EXAMINATION RECOMMENDATIONS

The previous market conduct examination of the company, as adopted October 25, 2002, contained 24 recommendations. Following are the recommendations and the examiners' findings regarding the company's compliance with each recommendation.

Claims

1. It is recommended that WPS improve its claims handling procedures to better ensure the identification of claims subject to payment of interest and promptly pay interest as required by s. 628.46, Wis. Stat.

Action: Compliance

Grievances

2. It is recommended that the company revise the EOB used for its managed care plans to comply with s. Ins 9.33 (2), Wis. Adm. Code, by deleting the time limit allowed to file a grievance.

Action: Compliance

3. It is recommended that WPS revise its existing grievance procedures for its managed care plans to count and initially process as grievances any written expressions of dissatisfaction handled at the Initial Review Level whether the grievance is resolved in the grievant's favor or not, and eliminate the procedure which effectively requires a grievant to submit a second grievance within 60 days if the matter is not resolved in the grievant's favor at the Initial Review Level.

Action: Compliance

4. It is recommended that WPS revise its existing grievance procedures to include a definition of "complaint" consistent with the definition in s. Ins 9.01 (3), Wis. Adm. Code.

Action: Compliance

5. It is recommended that WPS revise its existing grievance procedures to include a written procedure for the handling of expedited grievances per the requirements of s. Ins 9.33 (6), Wis. Adm. Code.

Action: Compliance

6. It is recommended that WPS improve its existing grievance procedures to better ensure the accuracy of information contained in its Grievance Log.

Action: Compliance

7. It is recommended that WPS improve its existing grievance procedures to better ensure that the acknowledgement and Grievance Committee meeting notification letters are sent and copies maintained in the individual grievance files.

Action: Compliance

8. It is recommended that WPS revise its provider contracts by adding language that specifically requires providers to identify complaints and grievances and forward them in a timely manner to the company for resolution as required by s. Ins 9.33 (7) (b), Wis. Adm. Code.

Action: Compliance

Managed Care

9. It is recommended that WPS revise its procedures to provide access to enrollees who do not speak English, are deaf, disabled, or otherwise underserved, as required by s. 609.22 (8), Wis. Stat.

Action: Compliance

10. It is recommended that WPS revise its provider agreements to include language that obligates the contracted provider to continue providing care to enrollees after their agreement with the company terminates, as required by s. 609.24 (1) (e), Wis. Stat.

Action: Compliance

11. It is recommended that WPS develop a procedure for reviewing requests for devices not normally covered by both its managed care and non-managed care plans, as required by s. 632.853, Wis. Stat.

Action: Compliance

12. It is recommended that WPS revise its certificates of coverage to positively state in the experimental treatment provision, the entity or person who is authorized to make a determination of whether a treatment is considered experimental as required by s. 632.855 (2) (a), Wis. Stat., and file the revisions with OCI within 30 days of the adoption of this report. In addition, it is recommended that WPS include with the form filing for the certificate revision, documentation of how it complies with the denial of treatment requirements outlined in s. 632.855 (3), Wis. Stat.

Action: Compliance

Marketing, Sales & Advertising

13. It is recommended that the company revise its advertising procedures to ensure it includes the source of any statistic used in an advertisement, as required by s. Ins 3.27 (20), Wis. Adm. Code.

Action: Compliance

14. It is recommended that the company maintain hard copy screen prints of its most current website pages in its advertising file, as required by s. Ins 3.27 (28), Wis. Adm. Code.

Action: Compliance

Producer Licensing

15. It is recommended that the company carefully review and compare the Annual Renewal Billing sent by OCI to the company records and promptly initiate an investigation into the reason(s) an agent appears on the Annual Renewal Billing when that agent does not appear to represent the company. It is further recommended that, based on the findings of the company investigation, the company take the appropriate action to terminate agents pursuant to s. Ins 6.57 (2), Wis. Adm. Code, when the agent does not in fact represent the company.

Action: Compliance

16. To ensure compliance with s. Ins 6.57 (1) and (5), Wis. Adm. Code, it is recommended that the company revise its procedures to ensure that follow up on the status of an agent's appointment is made when a validation report confirming the listing is not received within 30 days of being sent to OCI.

Action: Compliance

17. It is recommended that the company carefully review and compare the Annual Renewal Billing sent by OCI to the company records and promptly initiate an investigation into the reason(s) an agent currently representing the company does not appear on the Annual Renewal Billing. It is further recommended that based on the findings of the company investigation, that the company take the appropriate action to re-appoint agents pursuant to s. Ins 6.57 (1), Wis. Adm. Code, or update the company system accordingly to show that the agent no longer represents the company.

Action: Compliance

18. It is recommended that the company revise its procedures to ensure that termination letters are sent to agents whose license is revoked by OCI for failure to comply with continuing education requirements and that these letters specifically request the return of indicia of agency as required by s. Ins 6.57 (2), Wis. Adm. Code.

Action: Compliance

Small Employer

19. It is recommended that the company improve its existing procedures to ensure that applications for small employer health insurance coverage are completed in their entirety.

Action: Compliance

20. It is recommended that the company revise the enrollment form used for small employer groups to include a statement, in the waiver section of the form, advising the employee of the possible negative consequences of waiving coverage as required by s. Ins 8.65 (2), Wis. Adm. Code.

Action: Compliance

21. It is recommended that the company develop and use with small employer applications a rating and renewability disclosure form signed by the agent and employer before the application for coverage is taken as required by s. 635.11, Wis. Stat., and s. Ins 8.48, Wis. Adm. Code.

Action: Noncompliance

22. It is recommended that the company develop and use with small employer groups a separate disclosure form disclosing to the policyholder the circumstances under which the protections of ch. 635, Wis. Stat., will cease to apply and that this form be delivered to the policyholder with the policy, as required by s. Ins 8.44 (2), Wis. Adm. Code.

Action: Compliance

Underwriting & Rating

23. It is recommended that the company improve its existing procedures to ensure that applications for large group health insurance coverage are completed in their entirety and that the applications are dated and signed by the agent and applicant.

Action: Compliance

24. It is recommended that the company improve its existing procedures to ensure that applications for individual health insurance coverage are completed in their entirety and that the applications are dated and signed by the agent and applicant.

Action: Compliance

IV. CURRENT EXAMINATION FINDINGS

Effective December 1, 2001, s. Ins 9.33, Wis. Adm. Code, regarding grievance requirements was repealed and recreated as subchapter II of ch. 18, titled grievance procedures. This report references cites in the administrative code as currently drafted.

Company Operations & Management

The examiners reviewed the company's response to OCI's company operations and management interrogatory and its network agreement templates. The company did not contract directly with individual providers. Rather, it contracted with provider networks and physician groups that either employed or subcontracted with individual providers.

The examiners requested from the company the provider agreements for a random sample of 50 providers selected based on the provider tax identification numbers extracted from the company's claim system. The examiners found that the company was not able to provide the requested provider agreements because its contracted provider networks were not contractually obligated to provide the company with copies of the employment agreements or subcontracts with individual providers. Section Ins 9.07 (1), Wis. Adm. Code, provides that all managed care plan insurers shall, upon request, make available to the commissioner all executed copies of any provider agreements between the insurer and subcontracts with individual practice associations or individual providers.

1. **Recommendation:** It is recommended that the company develop written policies and procedures and amend its existing provider contracts to ensure that it can, at the request of OCI, provide executed copies of any provider agreements between its provider networks and the individual providers employed by or subcontracted with the provider networks, as required by s. Ins 9.07, Wis. Adm. Code.

In response to the prior examination report, the company agreed to revise its provider contracts by adding language that specifically requires providers to identify complaints and grievances and forward them in a timely manner to the company for resolutions as required by s. Ins 9.33 (7) (b), Wis. Adm. Code. The company reported that it failed to amend 39 of its

provider agreements as recommended in the prior examination report. The company stated that the majority of its contracts were amended, however 39 of its contracted providers failed to return signed amendments to the company as requested.

2. **Recommendation:** It is recommended that the company develop and implement a written policy and procedure for ensuring that amendments to provider contracts are signed by the providers and returned to the company in a timely manner, and that the company obtain within 6 months signed copies of the outstanding amendments.

Claims

The examiners reviewed the company's response to OCI's claims interrogatory, claim procedure manuals, internal audit reports, explanation of benefit (EOB) forms, remittance advice (RA) forms, ANSI codes, and its claim payment methodology.

The examiners found that the company included on its EOB and RA forms claim adjustment reason codes that used the ANSI code descriptions but did not consistently use the number or letter designation assigned to the description. Section Ins 3.651 (5), Wis. Adm. Code, provides that, in preparing RA and EOB forms, an insurer shall use the claim adjustment reason codes provided by the OCI by no later than the first day of the 4th month beginning after being notified that an updated list of codes is available.

3. **Recommendation:** It is recommended that the company revise its claim processing procedures to ensure the claim adjustment reason codes that appear on its explanation of benefits and remittance advice comply with s. Ins 3.651 (5), Wis. Adm. Code.

The examiners reviewed 50 paid medical claims and 50 denied medical claims in order to verify that claims were paid timely, that interest was paid on delayed claim payments, that mandated benefits were paid and that the EOBs and RAs included appropriate information regarding claim payment or denial of payment. The examiners reviewed 50 paid chiropractic claims and 50 denied chiropractic claims in order to verify timely payment or denial, that EOBs and RAs included appropriate information regarding payment or denial of payment, that claims were paid in accordance with the chiropractic mandate and, if claim payment was denied, that the claims were subject to independent chiropractic review and that information regarding this review was provided to the treating chiropractor and the insured. The examiners reviewed 50 paid Medicare supplement claims, and 50 denied Medicare supplement claims in order to verify timely payment or denial, that mandated benefits were paid, and that the EOBs and RAs included appropriate information regarding payment or denial of payment. No exceptions were noted regarding the company's processing of claims reviewed.

The company used the usual, customary and reasonable (UCR) claim payment methodology to pay claims. The examiners reviewed the company's internal UCR guidelines and a random sample of 25 claims that were subject to UCR adjustment. The examiners reviewed for each claim the current procedural terminology (CPT) code data, including the name of the database vendor, date of service, provider zip code, frequency of reporting, amount billed by the provider, range of billed amounts, payment percentile, and amount paid by the company in order to verify that the data met the requirements of s. Ins 3.60 (4), Wis. Adm. Code, and was updated every six months. No exceptions were noted regarding the company's claim payment methodology.

Grievances & Independent Review Organization (IRO)

The examiners reviewed the company's response to OCI's grievance and IRO interrogatory, grievance policies and procedures, policies and procedures for handling independent review requests, and grievance experience reports, and interviewed the company employees responsible for processing independent review requests.

Grievances

The company reported that, as a result of the prior examination recommendation, it revised its internal grievance process to include a step whereby all grievance files are reviewed for accuracy. However, the examiners found that the company's written policies and procedures did not reflect the revision. Section Ins 18.06 (1), Wis. Adm. Code, provides that each record of each complaint and grievance submitted to the insurer shall be kept and retained for a period of at least 3 years at the insurer's home office and shall be available for review during examinations by or on request of OCI.

4. **Recommendation:** It is recommended that the company revise its written grievance policies and procedures to provide that its grievance log is monitored for accuracy, to ensure compliance with s. Ins 18.06 (1), Wis. Adm. Code.

The company's standard preauthorization denial letter contained language with the dual purpose of notifying enrollees of their right to file a grievance and notifying customers of its self-funded plans of their right to file an appeal. The language provided that appeals must be filed within 180 days. The examiners found that blending of the grievance requirements provided in s. Ins 18.03, Wis. Adm. Code, and the ERISA appeal requirements may have resulted in enrollee confusion regarding the applicability of the 180-day filing limit. Section Ins 18.01 (4), Wis. Adm. Code, defines a "grievance" as any written expression of dissatisfaction with the provision of services or claims practices of an insurer offering a health benefit plan that is expressed in writing to the insurer by, or on behalf of, an insured.

5. **Recommendation:** It is recommended that the company revise its Value Care Review preauthorization (precertification) denial letter to separate language regarding the grievance requirements provided in s. Ins 18.03, Wis. Adm. Code,

and language regarding the ERISA appeal requirements, as required by s. 631.20 (2), Wis. Stat.

The examiners reviewed a random sample of 50 grievances received by the company during the period of review. The examiners found that two of the company's grievance files did not include the correct date stamp on the grievance. One of the grievances was not date stamped upon receipt. The other grievance was received at the WPS Wausau office on April 13, 2004, but was date stamped in the appeals/grievance department on April 15, 2004. The company recorded the later date as the received date in its grievance log. Section Ins 18.03 (4), Wis. Adm. Code, provides that an insurer offering a health benefit plan shall, within 5 business days or receipt of a grievance, deliver or deposit in the mail a written acknowledgment to the insured or the insured's authorized representative confirming receipt of the grievance.

6. **Recommendation:** It is recommended that the company develop and implement procedures to ensure all grievances are date stamped upon receipt. It is also recommended that the company consider the date the grievance is first received at any of the WPS offices as the received date, to ensure compliance with s. Ins 18.03 (4), Wis. Adm. Code.

The examiners found that six of the company's grievance files in the sample included an acknowledgement letter that was not sent within five business days of receipt, and that one of the grievance files did not include any documentation that an acknowledgement letter was sent. Section Ins 18.03 (4), Wis. Adm. Code, provides that an insurer offering a health benefit plan shall, within 5 business days or receipt of a grievance, deliver or deposit in the mail a written acknowledgment to the insured or the insured's authorized representative confirming receipt of the grievance.

7. **Recommendation:** It is recommended that the company improve its existing procedures to ensure and document that all grievances are acknowledged within 5 business days of receipt, as required by s. Ins 18.03 (4), Wis. Adm. Code.

The examiners found that 13 of the company's grievance files involved an adverse determination or an experimental treatment determination and were therefore eligible for review

by an independent review organization. Section 632.835 (2) (a), Wis. Stat., provides that every insurer that issues a health benefit plan shall establish an independent review procedure whereby an insured under the health benefit plan, or his or her authorized representative, may request and obtain an independent review of an adverse determination or an experimental treatment determination made with respect to the insured.

8. **Recommendation:** It is recommended that the company revise its grievance resolution letter language for grievances involving an adverse determination or an experimental treatment determination to include reference to all enclosures pertaining to the independent review process to document compliance with s. Ins 18.11 (2), Wis. Adm. Code.

The company reported that it included the OCI's "Fact Sheet on the Independent Review Process" and its own bulletin "Your Right to an Independent Review" with the grievance resolution letter for each grievance. However, the grievance resolution letters did not provide notice to the insured of the right to request an independent review and did not reference enclosed fact sheets. The company was unable to locate documentation in its computer system indicating that the fact sheets were sent to the grievant for 2 of the 13 grievance files that involved an adverse determination or an experimental treatment determination. Section Ins 18.11 (2), Wis. Adm. Code, provides that each time an insurer offering a health benefit plan makes an adverse determination or an experimental treatment determination the insurer shall provide a notice to the insured of the right to request an independent review.

9. **Recommendation:** It is recommended that the company revise its grievance procedures to ensure notice of the right to request an independent review is included in grievance resolution letters that involve an adverse determination or an experimental treatment determination, as required by s. Ins 18.11 (2), Wis. Adm. Code.

Independent Review

The examiners reviewed 15 requests for independent review that were filed during the period of review. No exceptions were noted.

The examiners found that, during the period of review, the company denied based on the determination that the services were cosmetic 58 requests for preauthorization of services

and 66 claims that met the minimum amount of $250 to be eligible for independent review. The company's policies and certificates define cosmetic surgery as, "surgery performed to reshape normal structures of the body in order to improve the patient's appearance." The examiners found that surgery or other medical treatment determined to be cosmetic would generally be a covered benefit when the company determined that the treatment met its medical administrative guidelines. Section 632.835 (1) (a), Wis. Stat., provides, in part, that "adverse determination" means a determination by or on behalf of an insurer that issues a health benefit plan that the treatment does not meet the health benefit plan's requirements for medical necessity, level of care, or effectiveness. Section 632.835 (2) (a), Wis. Stat., provides that every insurer that issues a health benefit plan shall establish an independent review procedure whereby an insured under the health benefit plan, or his or her authorized representative, may request and obtain an independent review of an adverse determination or experimental treatment determination.

10. **Recommendation:** It is recommended that the company revise its procedures to consider coverage denials based on the determination that services are cosmetic as adverse determinations eligible for independent review, as required by s. 632.835 (1) (a), Wis. Stat., and to provide to each insured after the grievance process has been completed with notice of the right to request and obtain an independent review within a four-month period from the date of the notice, as required by s. 632.835 (2) (a), Wis. Stat.

The company's IRO procedure provided that, within 5 business days after receiving written notice of a request for independent review, the independent review organization request any additional information that it requires for review from the insured or the insurer. However, the procedure did not provide that, within 5 business days of receiving the request for additional information, the insured or the insurer shall submit the information or an explanation of why it was not submitted to the independent review organization, as required by s. 632.835 (3) (c), Wis. Stat.

11. **Recommendation:** It is recommended that the company modify its written procedure to document its process for responding to IRO requests for additional information within 5 business days of receipt, as required by s. 632.835 (3) (c), Wis. Stat.

Managed Care

The provisions of 2001 Wisconsin Act 16 (SB 55) and the 2001-2003 Biennial Budget amended the provisions of ch. 609, Wis. Stat. Effective on September 1, 2001, ch. 609, Wis. Stat., was amended to replace the term "managed care plan" with the term "defined network plan" throughout the chapter. The act relaxed some of the requirements applicable to preferred provider plans, but only if preferred provider plans did not require or impose financial incentives related to referrals for access to a participating or non-participating provider. In addition, a preferred provider plan that imposes material exclusions, deductibles, maximum limits or other conditions that are uniquely applied to out-of-network provider services and result in significant limits on out-of-network benefits compared to in-network benefits, is a defined network plan. The act provided that a preferred provider plan that was also a defined network plan was required to meet statutory requirements. At the time of the examination, Wisconsin had not created and amended language in its regulations to correspond with the statute. The examination was limited to an overview of the company's compliance with the managed care requirements.

The examiners reviewed the company's response to the managed care interrogatory, policies and procedures regarding plan administration, credentialing and recredentialing, and clinical oversight, provider directories, and compliance program.

The examiners determined that the plans offered by the company met the definition of "preferred provider plan" but were not "defined network plans." The plans provided for direct enrollee access to providers without referral and the policy forms and certificates did not include significant limits on out-of-network benefits compared to in-network benefits.

The company reported that it contracted with 15 PPO networks during the period of the examination. These included: Healthcare Coalition Cooperative (HCC), Sheboygan Employers Alliance to Reduce the Cost of Healthcare, Inc. (SEARCH), Network Health, Prevea, Touchpoint, ChiroCare, Coulee, Fond Du Lac, Northern, Southern, Statewide, Lake Superior,

North Central Health Protection Plan (NCHPP), NCHPP Preferred, Metro Select, and Timberland.

The company had a clinical quality management committee that was responsible for oversight of its quality initiatives, including the initial and annual review of its medical affairs quality improvement plan. The committee was comprised of the vice president of medical affairs, the medical director, the department directors, the quality improvement coordinator, and representatives of the legal department, the plan development department, and the medical affairs department. The committee reported to the company's top administrative group.

Although PPO plans are exempt from the requirement of s. 609.34, Wis. Stat., that defined network plans have a medical director, the company had two full-time medical directors. The medical directors were responsible for the development of clinical protocols, the review and approval of utilization review policies and procedures, and directing quality assurance activities.

PPO plans are exempt from the requirement of s. 609.32 (2), Wis. Stat., that defined network plans develop a process for selecting and approving participating providers. However, the company had in place a Selection and Evaluation Program (SAEP), which established standards for the initial evaluation and quadrennial reevaluation of contracted providers. The SAEP was administered by the SAEP committee, which was the peer review body responsible for the review, evaluation and reevaluation of files and related information. The committee reported to the board of directors. The committee credentials and re-credentials provider networks, clinics and hospitals.

The company's SAEP fair hearing plan outlined the company's procedure for taking disciplinary action against plan providers. The examiners found that the procedures provided that company comply with all reporting requirements, but did not provide specific guidelines for doing so. Section 609.17, Wis. Stat., provides that every preferred provider plan shall notify the medical examining board or appropriate affiliated credentialing board attached to the medical

examining board of any disciplinary action taken against a participating provider who holds a license or certificate granted by the board or affiliated credentialing board.

12. Recommendation: It is recommended that the company amend its policies and procedures to provide that it notify the medical examining board or appropriate affiliated credentialing board attached to the medical examining board of any disciplinary action taken against a participating provider, as required by s. 609.17, Wis. Stat.

The examiners reviewed the company's practices and procedures regarding enrollee access to care. The company's access standards were administered and monitored by the company's plan development and medical affairs departments. The company conducted periodic analysis of its PPO enrollee access, the most recent of which was completed in October 2003. The analysis indicated the company complied with its access standards.

The examiners reviewed the company's printed and internet provider directory. The company updated its printed provider directory at least once per year. The company reported that it updated the provider information on its internet provider directories at least once per week.

The company's website included a comprehensive provider directory and internet links to 22 network provider directories. The examiners requested from the company a listing of those providers whose contracts had terminated within the past 3 months, in order to document that the company's website provider directories were current and accurate. The examiners entered a sample of 15 terminated providers into the company's internet provider directory. None of the names in the sample appeared when entered. However, when the examiners followed the link in the company's provider directory to www.beechstreet.com, one of the provider network websites, four of the terminated providers were found to be listed as participating providers. The company's network contracts required that provider directories be updated in a timely manner, but the company did not have in place written procedures for monitoring network websites to ensure compliance with its network contracts. Section Ins 9.42 (4) (b), Wis. Adm. Code, provides that an insurer that materially relies upon another party to

carry out certain functions on behalf of the plan shall contractually require the other party to carry out those functions and enforce such contractual provisions.

13. Recommendation: It is recommended that the company develop and implement a written policy and procedure for monitoring provider network websites to verify provider listings are updated timely, as required by s. Ins 9.42 (4) (b), Wis. Adm. Code.

The examiners' review of the company's activities regarding its compliance program included a review of compliance program. The company had an ongoing, written internal quality assurance program, procedures for the monitoring of grievance and complaint trends and clinical quality indicators, and procedures for the monitoring of its delegated credentialing activities. The examiners found that the company had established a compliance program and procedures to verify compliance as required by s. Ins 9.42 (2), Wis. Adm. Code. No exceptions were noted.

Marketing, Sales & Advertising

The examiners reviewed the company's response to OCI's marketing, sales and advertising interrogatory, electronic commerce interrogatory, marketing, sales and advertising policies and procedures, short-range and long-range marketing plans, internet site (www.wpsic.com), and intranet site.

The company had separate sales and marketing departments responsible for the company's marketing and advertising activities and sales activities. The company's marketing department's responsibilities included preparation of competitive analyses, development and analysis of customer satisfaction surveys, development of an annual corporate marketing plan, facilitation of public relations efforts, development and maintenance of the corporate website, development of advertisements, and maintenance of the advertising file. The company's sales department's responsibilities included presentation of products and services, coordination and facilitation of sales of individual and group products, and development of strategies to retain existing customers.

The company relied primarily on an agency force of independent agents to market its group and individual health and dental insurance products. The company's sales department was organized by regional areas and by individual and alternative sales. The company also had in-house sales representatives responsible for telemarketing its individual products**.**

The examiners reviewed a random sample of 75 advertisements, including 15 Medicare supplement advertisements. The examiners found that 14 of the company's advertisements were not identified by a form number, as required by s. Ins 3.27 (26), Wis. Adm. Code.

15. **Recommendation:** It is recommended that the company print on all advertisements a unique form number, as required by s. Ins 3.27 (26), Wis. Adm. Code.

In addition, the examiners confirmed that the 43 Medicare supplement advertisements in the company's advertising file had been filed with OCI prior to use, as

required by s. Ins 3.39 (15), Wis. Adm. Code. The examiners also reviewed the commission schedules for the company's Medicare supplement policy forms in order to verify compliance with s. Ins 3.39 (21), Wis. Adm. Code, regarding commission limitations. No exceptions were noted.

Electronic Commerce

The examiners reviewed the company's response to OCI's electronic commerce interrogatory and its website. The examiners found that the company's website offered detailed information on the company and its product offerings, online access to policy and benefit information including group certificates, online enrollment for existing groups, online quotes for its individual products, and online access to applications for all of its product offerings. The website provided visitors that were interested in receiving quotes for its individual products the option of requesting it electronically through the submission of an online form or contacting a WPS representative directly by telephone. The company provided on its website access to downloadable versions of all of its group and individual product applications. The company did not accept electronic applications during the period of the review.

The examiners found that the company's agent agreements included a provision that required agents to submit all advertisements identifiable with the company logo to it for approval prior to distribution. The company monitored 28 different major newspapers and business publications to ensure that its agents are complying with the provision with respect to written advertisements. However, it did not have in place a procedure for monitoring agent websites to ensure that all agent website advertisements identifiable with the company logo were submitted to the company prior to use and therefore included in the advertising file, as required by s. Ins 3.27 (28), Wis. Adm. Code. In addition, it did not have in place a procedure for monitoring agent websites to ensure that all agent website advertisements advertising Medicare supplement products were submitted to the company prior to use, and therefore filed with OCI prior to use, as required by s. Ins 3.39 (15), Wis. Adm. Code.

15. **Recommendation:** It is recommended that the company develop and implement a written procedure for monitoring agent websites to ensure that all agent advertisements identifiable with the company logo are submitted to the company prior to use, and therefore included in the company's advertising file as required by s. Ins 3.27 (28), Wis. Adm. Code.

16. **Recommendation:** It is recommended that the company develop and implement a written procedure for monitoring agent websites to ensure that all agent website advertisements advertising Medicare supplement products are submitted to the company prior to use, and therefore approved by OCI prior to use, as required by s. Ins 3.39 (15), Wis. Adm. Code.

Policyholder Service & Complaints

The examiners reviewed the company's response to OCI's policyholder service & complaints interrogatory, complaint handling policies and procedures, and a sample of 50 complaint files. The examiners requested a list of all complaints received by the company during the period of review. The company provided a data file including 167 complaints in response to the examiners' request from which a random sample of 100 complaints was selected and reviewed. Following conversations with the company regarding the low number of complaints, the company discovered that it did not initially extract the complaints from its internal tracking system correctly. The company provided a new data file including 15,164 complaints. The examiners selected and reviewed a second random sample of 100 complaints received by the company during the period of review. No exceptions were noted.

The examiners found that the company defined a complaint as any expression of dissatisfaction expressed to the insurer by the insured, or an insured's authorized representative, about an insurer or its providers with whom the insurer has a direct or indirect contact, as required by s. Ins 18.01 (2), Wis. Adm. Code. However, the company's written policies and procedures consistently assigned to the term "grievance or complaint" the definition of "grievance" provided in s. Ins 18.01 (4), Wis. Adm. Code. The company's written policies and procedures did not provide requirements for the handling of complaints, nor did they provide guidelines for the maintenance of a complaint log pursuant to s. Ins 18.06 (1), Wis. Adm. Code.

17. **Recommendation:** It is recommended that the company develop and implement a policy and procedure for the handling of complaints, as that term is defined in s. Ins 18.01 (2), Wis. Adm. Code.

Privacy & Confidentiality

Section 610.70, Wis. Stat., regarding medical records privacy, became effective June 1, 1999, and created restrictions on insurers regarding their collection and release of personal medical information that correspond with the federal Health Insurance Portability and Accountability Act (HIPAA) requirements. Chapter Ins 25, Wis. Adm. Code, became effective July 1, 2001, to address the provisions of Gramm Leach Bliley, and is based on the National Association of Insurance Commissioners (NAIC) privacy of consumer financial and health information model regulation.

The examiners reviewed the company's response to OCI's privacy of consumer financial and health information interrogatory, training manuals and procedures for employees regarding treatment of personally identifiable information, privacy notice, enrollment and disclosure information forms, and employee privacy agreements. The examiners also interviewed the company's privacy officer.

Implementation of the company's privacy program was performed by the privacy oversight committee and its various subcommittees. Primary responsibility for implementation and administration of the privacy program was the responsibility of the privacy officer, who reported to the corporate vice president / regulatory compliance.

The company reported that it provided a notice of privacy practices to all new enrollees. The notice of privacy practices pertained only to protected health information. The company maintained that enrollee social security numbers, which it used as enrollee identification numbers, were considered protected health information. Therefore, the company did not provide its enrollees with an initial privacy notice, as required by s. Ins 25.10 (1), Wis. Adm. Code, or an annual privacy notice, as required by s. Ins 25.13 (1), Wis. Adm. Code, that accurately reflected its privacy policies and practices regarding nonpublic personal financial information, including social security numbers.

18. **Recommendation:** It is recommended that the company develop and implement policies and procedures for providing an initial privacy notice to insureds, as required by s. Ins 25.10 (1), Wis. Adm. Code, and an annual privacy notice to insureds, as required by s. Ins 25.13 (1), Wis. Adm. Code.

The company had in place a policy and procedure for providing to insured individuals upon their request access to their personal medical information in the company's possession. However, the examiners found that the company's policy and procedure did not provide that all personal medical information provided include the identity of the source of the information if the source is a health care provider or a medical care institution, as required by s. 610.70 (3) (e), Wis. Stat.

19. **Recommendation:** It is recommended that the company amend its policy and procedure regarding enrollee access to personal medical information in the company's possession to provide that all personal medical information provided include the identity of the source of the information if the source is a health care provider or a medical care institution, as required by s. 610.70 (3) (e), Wis. Stat.

The company's sample declination letters included a paragraph that read, "You have the right under Wisconsin Law to see and obtain your health care records from your physician, hospital or other health care provider, if our decision was based on these records. Upon written request from you, WPS will furnish the provider of your choice, with the medical reason(s) upon which our decision was based. You may then obtain this medical information directly from the doctor, hospital or other provider." However, the examiners found that the company did not have a written policy and procedure in place for providing requested personal medical information in its possession to a health care provider designated by an individual or authorized representative and notifying the individual or authorized representative at the time of disclosure that the information has been provided to the health care provider, as required by s. 610.70 (3) (b), Wis. Stat.

20. **Recommendation:** It is recommended that the company develop and implement a written policy and procedure for providing a copy of any recorded personal medical information in its possession requested by an individual or authorized representative to a health care provider who is designated by the individual or authorized representative, and for notifying the individual or authorized representative at the time of disclosure that the information has been provided to the health care provider, as required by s. 610.70 (3) (b), Wis. Stat.

Producer Licensing

The examiners reviewed the company's response to OCI's producer licensing interrogatory, agency and producer licensing agreements, policies and procedures related to producer licensing, listings, terminations, and training, and a sample of 50 agent licensing files.

The examiners requested from the company a listing of all Wisconsin agents that represented the company as of the date the listing was run. The agent listing data provided by the company was compared with the agent database maintained by OCI. No exceptions were noted.

The examiners found that during the period of review, the company's OCI suspensions and revocations policy and procedure did not address situations in which the company received notification that a listed agent has been suspended by the OCI due to a violation of insurance law. The company's suspensions and revocations policy provided for suspension due to nonpayment of renewal fees or failure to comply with continuing education (CE) requirements. Section Ins 6.57 (5), Wis. Adm. Code, provides that no insurer shall accept business directly from any intermediary or enter into an agency contract with an intermediary unless that intermediary is a licensed agent listed with that insurer.

21. Recommendation: It is recommended that the company implement a policy and procedure regarding situations in which the company receives notification that a listed agent has been suspended by the OCI due to a violation of insurance law, to ensure compliance with s. Ins 6.57 (5), Wis. Adm. Code.

Small Employer

The examiners reviewed the company's response to OCI's small employer interrogatory, written policies and procedures for small group business, rating practices, underwriting standards, applications, waiver and disclosure forms, a sample of 50 small employer files for business issued during the period of review, and a sample of 50 small employer quotes.

Section 635.10, Wis. Stat., required that beginning no later than August 1, 2003, every small employer insurer use the uniform employee application form developed by the OCI when a small employer applies for coverage under a group health benefit plan offered by the small employer insurer. The OCI promulgated s. Ins 8.49, Wis. Adm. Code, pursuant to s. 635.10, Wis. Stat., creating the format for uniform employee application form identified as form OCI 26-501 (C 08/2003)]. No exceptions were noted.

The company reported that it obtained from small employers signed rating and renewability forms prior to a policy being issued to a small employer. However, the examiners found that the company was not able to locate the forms for 12 of the small employer issued files reviewed. Section 635.11 (1m), Wis. Stat., provides that, before the sale of a plan or policy subject to ch. 635, Wis. Stat., a small employer insurer shall provide a disclosure of rating factors and renewability provisions to a small employer.

22. **Recommendation:** It is again recommended that the company revise its procedures to ensure that a rating and renewability disclosure form is signed by the employer at the time application for coverage is made and that the company maintain a copy of this form in the employer group file to verify compliance with s. 635.11, Wis. Stat.

The examiners requested a sample of 50 small employer quotes made by the company in order to verify the timeliness of the quotes. The examiners found that the company did not record or retain the date a small employer group quote was requested. It reported that most small employer group quote requests were received via facsimile or electronic mail and

were processed within two business days. Section 601.42, Wis. Stat., requires a company to provide information to OCI in reasonable form as requested by OCI.

23. **Recommendation:** It is recommended that the company revise its procedures for providing quotes for small employer business to include recording the dates the requests for price quotes are received in order to comply with s. 601.42, Wis. Stat.

The examiners reviewed the company's 2002 and 2003 Small Employer Insurer Actuarial Certifications filed with OCI. The certification indicated that the small employer groups were within the rating restrictions of s. Ins 8.52, Wis. Adm. Code. The examiners also reviewed the company's procedures for rating its small employer business to ensure compliance with s. 635.05, Wis. Adm. Code. The examiners documented that the company had a process for reviewing small employer groups for compliance at the time of renewal. No exceptions were noted.

Underwriting & Rating

The examiners reviewed the company's responses to OCI's new business & underwriting interrogatory, premiums interrogatory, terminations, cancellations, and nonrenewals interrogatory, underwriting manuals and rating manuals, applications, premium, lapse, and termination notices.

The examiners requested for review a random sample of 50 individual policies issued during the period of review, including policies issued with riders, and a sample of 50 individual policies declined during the period of review. The examiners found that the company was not able to locate two of the underwriting files requested for review.

24. **Recommendation:** It is recommended that the company update and implement procedures to ensure all documents pertaining to underwriting are retained for the time required under s. Ins 6.80 (4), Wis. Adm. Code.

The examiners found that the company was not able to identify the writing agent for one of the 50 policies in the individual new business issued sample because the agent's signature was illegible. Therefore, it entered into its computer system as the agent of record the submitting agency rather than the writing agent. The examiners also found that one of the company's individual new business issued files included an application that was signed by an agency, rather that the writing agent and three of the files in the individual new business issued sample included applications that were not signed by the writing agent. Section Ins 6.57 (5), Wis. Adm. Code, provides that no insurer shall accept business directly from any intermediary or enter into an agency contract with an intermediary unless that intermediary is a licensed agent listed with that insurer.

25. **Recommendation:** It is recommended that the company develop and implement written policies and procedures for ensuring that all applications include a legible signature of the writing agent, to ensure compliance with s. 628.34, Wis. Stat.

The examiners reviewed a random sample of 50 of the company's rejected or declined application files to determine whether its rejections or declinations were adequately documented, consistent and not unfairly discriminatory. The examiners documented that the

company's rejections or declinations were consistent with its underwriting guidelines. The examiners found that the company was not able to provide two of the rejected or declined application files requested. Section 601.42, Wis. Stat., requires that a company provide information to OCI in reasonable form as requested by OCI.

26. Recommendation: It is recommended that the company develop and implement a process to ensure that all rejected or declined applications files are maintained to ensure compliance with s. 601.42, Wis. Stat.

The examiners reviewed a random sample of 50 files that involved the company rescinding coverage to determine whether the company's rescissions were adequately documented, consistent and not unfairly discriminatory. The examiners found that 16 of the rescinded policies reviewed were written by three agents. The company indicated that the agents were internal sales representatives who carry Wisconsin insurance agent licenses. The applications written by these agents were primarily solicited through telemarketing or by mail. These applications were submitted by the applicant, not the agent. The company indicated that it periodically reviews the rescission cases by agency to determine if there were any agencies whose rescission case volume was disproportionate to the volume of business it sells. The company indicated that it had not identified any agencies whose rescission case volume was disproportionate.

The examiners documented that the company had filed with OCI all individual rates that were used for the period 2002 through 2004. The examiners also compared the rate filings maintained by the company with those in OCI's database. The examiners found that the company's rate filings were properly filed and consistent with the time requirements of ch. 625, Wis. Stat. No exceptions were noted.

The examiners also reviewed a random sample of 50 individual policies issued during the period of review in order to verify that the rating was applied consistently and in accordance with the company's rating methods, and to verify that the company's underwriting guidelines were applied correctly. No exceptions were noted.

V. CONCLUSION

The examination involved a targeted/compliance review of Wisconsin Physician Service Insurance Corporation's practices and procedures for the period from January 1, 2003, through June 30, 2004. The examination report indicates that WPS failed to comply with 1 of the 24 recommendations made in the previous market conduct examination. The examination report makes 26 recommendations. The recommendations primarily involve company operations, grievances, independent review, privacy, and underwriting.

VI. SUMMARY OF RECOMMENDATIONS

Company Operations & Management

Page 11 1. It is recommended that the company develop written policies and procedures and amend its existing provider contracts to ensure that it can, at the request of OCI, provide executed copies of any provider agreements between its provider networks and the individual providers employed by or subcontracted with the provider networks, as required by s. Ins 9.07, Wis. Adm. Code.

Page 12 2. It is recommended that the company develop and implement a written policy and procedure for ensuring that amendments to provider contracts are signed by the providers and returned to the company in a timely manner, and that the company obtain within 6 months signed copies of the outstanding amendments.

Claims

Page 13 3. It is recommended that the company revise its claim processing procedures to ensure the claim adjustment reason codes that appear on its explanation of benefits and remittance advice comply with s. Ins 3.651(5), Wis. Adm. Code.

Grievances & Independent Review Organization (IRO)

Page 15 4. It is recommended that the company revise its written grievance policies and procedures to provide that its grievance log is monitored for accuracy, to ensure compliance with s. Ins 18.06 (1), Wis. Adm. Code.

Page 15 5. It is recommended that the company revise its VCR preauthorization (precertification) denial letter to separate language regarding the grievance requirements provided in s. Ins 18.03, Wis. Adm. Code and language regarding the ERISA appeal requirements, as required by s. 631.20 (2), Wis. Stat.

Page 16 6. It is recommended that the company develop and implement procedures to ensure all grievances are date stamped upon receipt. It is also recommended that the company consider the date the grievance is first received at any of the WPS offices as the received date, to ensure compliance with s. Ins 18.03 (4), Wis. Adm. Code.

Page 16 7. It is recommended that the company improve its existing procedures to ensure that all grievances are acknowledged within 5 business days of receipt, as required by s. Ins 18.03 (4), Wis. Adm. Code.

Page 17 8. It is recommended that the company revise its grievance resolution letter language for grievances involving an adverse determination or an experimental treatment determination to include reference to all enclosures pertaining to the independent review process to document compliance with s. Ins 18.11 (2), Wis. Adm. Code.

Page 17 9. It is recommended that the company revise its grievance procedures to ensure notice of the right to request an independent review is included in grievance resolution letters that involve an adverse determination or an experimental treatment determination, as required by s. Ins 18.11 (2), Wis. Adm. Code.

Page 18 10. It is recommended that the company revise its procedures to consider coverage denials based on the determination that services are cosmetic as adverse determinations eligible for independent review, as required by s. 632.835 (1) (a), Wis. Stat., and to provide to each insured after the grievance process has been completed with notice of the right to request and obtain an independent review within a four-month period from the date of the notice, as required by s. 632.835 (2) (a), Wis. Stat.

Page 19 11. It is recommended that the company modify its written procedure to document its process for responding to IRO requests for additional information within 5 business days of receipt, as required by s. 632.835 (3) (c), Wis. Stat.

Managed Care

Page 22 12. It is recommended that the company amend its policies and procedures to provide that it notify the medical examining board or appropriate affiliated credentialing board attached to the medical examining board of any disciplinary action taken against a participating provider, as required by s. 609.17, Wis. Stat.

Page 23 13. It is recommended that the company develop and implement a written policy and procedure for monitoring provider network websites to verify provider listings are updated timely, as required by s. Ins 9.42 (4) (b), Wis. Adm. Code.

Marketing, Sales & Advertising

Page 24 14. It is recommended that the company print on all advertisements a unique form number, as required by s. Ins 3.27 (26), Wis. Adm. Code.

Electronic Commerce

Page 26 15. It is recommended that the company develop and implement a written procedure for monitoring agent websites to ensure that all agent advertisements identifiable with the company logo are submitted to the company prior to use, and therefore included in the company's advertising file as required by s. Ins 3.27 (28), Wis. Adm. Code.

Page 27 16. It is recommended that the company develop and implement a written procedure for monitoring agent websites to ensure that all agent website advertisements advertising Medicare supplement products are submitted to the company prior to use, and therefore approved by OCI prior to use, as required by s. Ins 3.39 (15), Wis. Adm. Code.

Policyholder Service & Complaints

Page 28 17. It is recommended that the company develop and implement a policy and procedure for the handling of complaints, as that term is defined in s. Ins 18.01 (2), Wis. Adm. Code.

Privacy & Confidentiality

Page 30 18. It is recommended that the company develop and implement policies and procedures for providing an initial privacy notice to insureds, as required by s. Ins 25.10 (1), Wis. Adm. Code, and an annual privacy notice to insureds, as required by s. Ins 25.13 (1), Wis. Adm. Code.

Page 30 19. It is recommended that the company amend its policy and procedure regarding enrollee access to personal medical information in the company's possession to provide that all personal medical information provided include the identity of the source of the information if the source is a health care provider or a medical care institution, as required by s. 610.70 (3) (e), Wis. Stat.

Page 30 20. It is recommended that the company develop and implement a written policy and procedure for providing a copy of any recorded personal medical information in its possession requested by an individual or authorized representative to a health care provider who is designated by the individual or authorized representative, and for notifying the individual or authorized representative at the time of disclosure that the information has been provided to the health care provider, as required by s. 610.70 (3) (b), Wis. Stat.

Producer Licensing

Page 32 21. It is recommended that the company implement a policy and procedure regarding situations in which the company receives notification that a listed agent has been suspended by OCI due to a violation of insurance law, to ensure compliance with s. Ins 6.57 (5), Wis. Adm. Code.

Small Employer

Page 33 22. It is again recommended that the company revise its procedures to ensure that a rating and renewability disclosure form is signed by the employer at the time application for coverage is made and that the company maintain a copy of this form in the employer group file to verify compliance with s. 635.11, Wis. Stat.

Page 34 23. It is recommended that the company revise its procedures for providing quotes for small employer business to include recording the dates the requests for price quotes are received in order to comply with s. 601.42, Wis. Stat.

Underwriting & Rating

Page 35 24. It is recommended that the company update and implement procedures to ensure all documents pertaining to underwriting are retained for the time required under s. Ins 6.80 (4), Wis. Adm. Code.

Page 36 25. It is recommended that the company develop and implement written policies and procedures for ensuring that all applications include a legible signature of the writing agent, to ensure compliance with s. 628.34, Wis. Stat.

Page 36 26. It is recommended that the company develop and implement a process to ensure that all rejected or declined applications files are maintained to ensure compliance with s. 601.42, Wis. Stat.

VII. ACKNOWLEDGEMENT

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
Pamela Ellefson	Senior Insurance Examiner
Jamie Key	Advanced Insurance Examiner
Matthew Syens	Insurance Examiner
Kevin Zwart	Insurance Examiner

Respectfully submitted,

Stephanie Cook
Examiner-in-Charge