Market Conduct Examination Report, Compcare Health Services Ins. Corp.

Notice of Adoption and Filing of Examination Report

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

Compcare Health Services Insurance Corporation
20855 Watertown Road, Suite 140
Waukesha, WI 53186

dated July 23 - August 2, 2001, and served upon the company on May 10, 2002, 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 twenty-fourth day of June, 2002.

Connie L. O'Connell
Commissioner of Insurance

Report
of the
Market Conduct Examination of
Compcare Health Services Insurance Corporation
Milwaukee, Wisconsin
July 23 - August 2, 2001

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August 2, 2001

Honorable Connie O'Connell
Commissioner of Insurance
121 East Wilson Street
Madison, WI 53702

Commissioner:

Pursuant to your instructions and authorization, a market conduct examination was made July 23, 2001 to August 2, 2001, of the affairs of:

COMPCARE HEALTH SERVICES INSURANCE CORPORATION
Milwaukee, Wisconsin

The report of this examination is respectfully submitted.

I. INTRODUCTION

Compcare Health Services Insurance Corporation can be described as a for-profit network model health maintenance organization (HMO) insurer. An HMO insurer is defined by s. 609.01 (2), Wis. Stat., as "… a health care plan offered by an organization established under ch. 185, 611, 613, 614 or issued a certificate of authority under ch. 618 that makes available to its enrolled participants, in consideration for predetermined fixed payments, comprehensive health care services performed by providers selected by the organization." Under the network model, the HMO provides care through contracts with two or more clinics. HMOs compete with tradition fee-for-service health care delivery.

The company was initially operated as a line of business by the corporate predecessors of Blue Cross & Blue Shield United of Wisconsin (BSBSUW). It received its certificate of authority on June 2, 1980, as a nonstock insurer under the provisions of ch. 613, Wis. Stat., and the corporation was subsequently dissolved January 1, 1984. The current for-profit stock company, Compcare Health Services Insurance Corporation (Compcare), was incorporated January 1, 1984, under the provisions of ch. 611, Wis. Stat., and commenced business on the same date.

During 1999, Compcare was licensed for its commercial lines of business as a larger controlled affiliate licensee of the BlueCross BlueShield Association. As a result, Compcare is now marketing its commercial products under the tradename of CompcareBlue.

During 2000, Compcare received as a capital contribution from United Wisconsin Services, Inc. all of the outstanding stock of United Wisconsin Insurance Company (UWIC), an underwriter of group disability, workers' compensation and other coverages; United Wisconsin Proservices (Proservices), a provider of electronic data submission and other services to health care providers; Meridian Resource Corporation (MRC), which provides various investigative and collection services for health care organizations, and; United Healthland Life Insurance Company (UHLIC), an underwriter of group life insurance. United Wisconsin Services, Inc. changed its name to Cobalt Corporation in 2001 as part of the transactions involving the conversion of Blue Cross & Blue Shield United of Wisconsin to a stock corporation.

In November 2000, Compcare acquired the insurance business of Family Health Plan Cooperative (FHP), a Wisconsin HMO, as part of FHP's liquidation

Compcare contracts with independent practice associations (IPAs) clinics, integrated delivery systems (hospital/physician joint ventures or PHOs) and individual physicians for the provision of enrollee covered services. Compare has contracts with primary care providers (PCPs), specialists, and hospitals as follows:

78 hospitals at 77 locations
2,226 PCPs at 537 locations
4,268 specialists at 926 locations

Compcare enrollees are required to choose a clinic or independent practice association (IPA) and a primary care physician, from the selected clinic or IPA, who serves as a gatekeeper. The company requires that the PCP preauthorize referrals. Female enrollees may self-refer to an affiliated obstetrician/gynecologist for routine women's health services.

Compcare's service area is comprised of the following counties:

Ashland	Bayfield	Brown
Burnett	Clark	Douglas
Florence	Forest	Iron
Kenosha	Langlade	Lincoln
Marathon	Marinette	Menominee
Milwaukee	Oconto	Oneida
Ozaukee	Pepin	Pierce
Polk	Portage	Price
Racine	Rock	St. Croix
Sawyer	Shawano	Sheboygan
Taylor	Vilas	Walworth
Washburn	Washington	Waukesha
Waupaca	Wood	

Compcare offers comprehensive health care coverage that may be changed by riders to include deductibles and copayments. In addition to its HMO products, Compcare offers point-of-service products that provide comprehensive benefits similar to those listed above when participating providers are used.

Compcare is included under a contract in which United Wisconsin Services, Inc. (UWSI) has contracted with Wellpoint Pharmacy Management, Inc., to be its exclusive drug claim processor. Under the contract, effective June 1, 2000, Wellpoint is authorized to process drug claims, issue checks, implement the Right Rx formularies, and perform drug utilization review activities. UWSI is responsible for providing membership and plan data and crediting Wellpoint's account for authorized payments twice a month.

Compcare has regional service centers in Eau Claire, Evansville, Fond du Lac and Stevens Point that are responsible for customer service activities and claims processing. The company currently markets to groups only.

Company Premium Information:

Compcare ranked third in premium volume for group accident and health insurance in Wisconsin for the business year of 2000. Table A summarizes the company's premium and loss ratios for the years 2000 and 1999.

Table A: Premium and Loss Ratio Summary

Wisconsin Business Line of Business	2000			
	Premiums Earned	% of Total	Expenses Incurred	Loss Ratio
Comprehensive	372,809,667	96.31%	357,200,970	95.81%
Individual	371,709	00.96%	280,735	75.52%
Medicaid	13,911,149	03.59%	11,384,699	81.83%
Total	387,092,525	100%	368,866,404	95.29%

Wisconsin Business Line of Business	1999			
	Premiums Earned	% of Total	Expenses Incurred	Loss Ratio
Comprehensive	278,473,209	85.33%	283,959,873	101.97%
Individual	241,314	.08%	301,740	125.04%
Medicaid	47,618,085	14.59%	49,269,565	103.46%
Total	326,332,608	100%	333,531,178	102.20%

Complaints

The Office of the Commissioner of Insurance (OCI) received 221 complaints involving Compcare during 2000, and 413 complaints during 1999. This represented a decrease of 53.5% between 1999 and 2000. The majority of Compcare's complaints continue to involve claim administration. Table B itemizes the two years' complaint numbers and percentages. A complaint may involve more than one complaint category.

Table B: Complaints

Categories	2000		1999	
	Number	% of Total	Number	% of Total
Marketing and Sales	1	0%	1	0%
Policyholder Service	11	5%	39	8%
Claims Administration	212	87%	425	89%
Underwriting	13	5%	11	2%
Other	8	3%	4	1%
TOTAL	245	100%	480	100%

Grievances:

Compcare filed a grievance procedure experience report for calendar year 2000 that indicated the company received 594 grievances, of which 76 were categorized as plan administration and 518 were categorized as benefit denials. The company overturned its

original position on 379 (64%) of the 594 grievances received.

Compcare filed a grievance procedure experience report for calendar year 1999 that indicated the company received 428 grievances, of which 46 were categorized as plan administration and 382 were categorized as benefit denials. The company overturned its original position on 266 (62%) of the 428 grievances received.

Compcare reported an increase of 39% in grievances for the year 2000 in comparison to those reported for 1999. Table C itemizes the two previous years' grievance numbers.

Table C: Grievances

Categories	2000		1999	
	Number	Number Reversed	Number	Number Reversed
Out-of-network provider	111	63	27	17
Prescription drug	18	8	17	10
Preexisting condition	2	0	3	3
Out-of-area emergency	9	9	7	5
Emergency room	42	32	44	38
Durable medical	33	9	5	3
No prior authorization	48	37	0	0
Noncovered benefit	134	65	29	14
Not medically necessary	4	1	13	5
Usual and customary	18	12	13	11
Request for preauthorization	0	0	93	63
Request for referral	146	122	70	48
Maximum benefit reached	1	0	0	0
Other	28	21	101	49
TOTAL	594	379	422	266

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II. PURPOSE AND SCOPE

The scope of the examination was limited to verification of compliance with the recommendations made by market conduct examiners in the financial examination report for Compcare's business as of December 31, 1997, verification of compliance with the recommendations the August 1999 managed care desk audit examination report, and a review of the Compcare's managed care and electronic commerce activities. The period of review for the compliance examination was January 1, 2000 through May 31, 2001, and was limited to a review of the following areas of operation:

- Advertising

- Claim Administration
- Electronic commerce
- Grievances and complaints
- Managed care activities

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III. SUMMARY OF PRIOR EXAMINATION RECOMMEDATIONS

The previous financial examination report, as adopted April 16, 1999, contained ten market conduct recommendations. Compcare's compliance with the prior recommendations is noted below:

1. Marketing, Advertising, and Sales - It is recommended that the company utilize its corporate name, Compcare Health Services Insurance Corporation, on each of its advertising materials as required by s. Ins 3.27 (12), Wis. Adm. Code.

   Action - noncompliance

2. Claims Administration - It is recommended that the company revise its explanation of benefits forms (EOBs) and provide to the commissioner within 60 days of the adoption of the examination report a timeline for bringing its EOBs into compliance with s. Ins 3.651 (4), Wis. Adm. Code.

   Action - compliance

3. Claims Administration - It is recommended that the company use ANSI codes as claims adjustment codes in all explanation of benefits forms (EOBs) as required by s. Ins 3.651 (4) 5. f. and (5), Wis. Adm. Code.

   Action - compliance

4. Complaints and Grievance Procedures - It is recommended that the company file with the commissioner within 60 days of the adoption of the examination report an amended Grievance Report for 1997 in order to comply with s. Ins 3.50 (10) (g), Wis. Adm. Code.

   Action - compliance

5. Complaints and Grievance Procedures - It is recommended that the company develop and submit to the commissioner within 60 days of the adoption of the examination report, a report of how it intends to supervise the collection and reporting of grievance data to the commissioner in order to comply with s. 609.15 (1) (c), Wis. Stat. and s. Ins 3.50 (10) (g) 3, Wis. Adm. Code.

   Action - compliance

6. Complaints and Grievance Procedures - It is recommended that the company acknowledge a grievance within 10 days of receiving it and document the acknowledgement in order to comply with s. Ins 3.50 (10) (f), Wis. Adm. Code.

Action - compliance

7. Complaints and Grievance Procedures - It is recommended that the company report in its annual Grievance Report as the date the grievance was resolved, the date the notice of resolution was sent to the grievant in order to comply with s. Ins 3.50 (10) (c), Wis. Adm. Code

   Action - compliance

8. Complaints and Grievance Procedures - It is recommended that the company audits annual Grievance Report to ensure that it accurately reports the date of receipt as the date stamp on the grievance letter from the grievant in order to comply with s. Ins 3.50 (10) (c), Wis. Adm. Code.

   Action - compliance

9. Complaints and Grievance Procedures - It is again recommended that the company resolve all grievances within 30 calendar days or notify, in writing, the person who filed the grievance that it has not resolved the grievance, when resolution may be expected, and the reasons why additional time is needed as required by s. Ins 3.50 (10) (c), Wis. Adm. Code.

   Action - compliance

10. Complaints and Grievance Procedures - It is recommended that the company date stamp all grievance correspondence so that it can document compliance with s. Ins 3.50 (10) (c), Wis. Adm. Code.

    Action - compliance

The managed care desk audit report, adopted January 5, 2000, contained four recommendations. Compcare's compliance with the recommendations is noted below:

11. Standing Referrals - It is recommended that Compcare establish a written procedure that allows an enrollee to apply for a standing referral to specialist, including the criteria and conditions that must be met to obtain a standing referral, as required by s. 609.22 (4) (a) (1), Wis. Stat.

    Action - compliance

12. Standing Referrals - It is recommended that Compcare develop a process for providing information for obtaining a standing referral to participating and nonparticipating providers upon request to an enrollee or prospective enrollee as required by s. 609.22 (4) (a) (3), Wis. Stat.

    Action - compliance

13. Continuity of Care - It is recommended that Compcare redraft its network physician group agreement to be consistent with its written internal policy regarding the notification of enrollees that a provider is no longer a network provider to meet the requirements of s. 609.24 (1), Wis. Stat.

Action - compliance

14. Continuity of Care - It is recommended that Compcare redraft its provider contracts to include language regarding provider reimbursement, as required by s. 609.24 (1) (e), Wis. Stat.

    Action - compliance

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IV. CURRENT EXAMINATION FINDINGS

Marketing, Advertising and Sales

Compcare's advertising file contained 46 advertisements. The examiners reviewed each of these advertisements and found that the files were well organized and all contained information on the manner and extent of distribution. Compcare's agency agreement prohibits the use and circulation of company indicia, logo and marketing materials without prior approval of the company. The examiners found that advertisements BCC-8343, BCC-325. CC-294, BCC 326 identified the insurer as CompcareBlue instead of by the company's corporate legal name. Section Ins 3.27 (12), Wis. Adm. Code requires that the identity of the insurer be made clear in all advertisements. Compcare responded that advertising forms BCC-8343, BCC-325, and BCC-326 were produced by a graphic arts agency new to its employ, and that the failure to include the company's corporate legal name was an oversight in the proofing process. Compcare provided a copy of a memo that was sent August 1, 2001 to its regional and corporate marketing staff that all marketing materials must be forwarded to its legal unit for compliance review and approval prior to final release.

1. **Recommendation** - It is again recommended that Compcare utilize its corporate name, Compcare Health Services Insurance Corporation, in each of its advertising materials as required by s. Ins 3.27 (12), Wis. Adm. Code.

Compcare's advertising file included an advertisement form number CC-286 that identified an agent as specializing in small employer group benefit plans. The advertisement included the statement "and implement your group health insurance plan for 25 employees or less". The examiners wrote an exception stating that s. 635.02 (7), Wis. Stat., defines a small employer as an employer that employs 2 but not more than 50 employees. Compcare responded that the advertisement specifically references groups of 25 or less to emphasize the specialty expertise of the person in the ad. However, Compcare did not provide an explanation of this specialty expertise and the examiners' review of marketing did not document a distinction between small employers with fewer than 25 employees and those small employers with not more than 50 employees.

2. **Recommendation** - It is recommended that Compcare in referring to small employer group insurance in its advertisements use the statutory definition of at least 2 but not more than 50 employees, as required by s. 635.02 (7), Wis. Stat.

Claims Administration

Compcare was included in the 1996 BCBSUW agreement with Blue Cross Blue Shield of

South Carolina for claim processing services, which required that Compcare convert its claim files to the new system. OCI complaint data indicates that during this conversion, Compcare experienced an increase in consumer complaints categorized as claims administration complaints. Compcare stated that it reached its claim processing performance goals in June 2000.

For the period of review, Compcare had in effect agreements with claims processing authority with three individual practice associations (IPAs), Columbia*St. Mary's Physician Network, Waukesha/Elmbrook Health Care, S.C., and St. Joseph's Physician Association. The company also had agreements for claims processing authority with three mental health provider groups, Innovative Resource Group, Covenant Behavioral Health/DE. Wis. Medical and Social Services, and Horizon Behavior Management. Effective January 1, 2001, Compcare assumed claims processing for Columbia*St. Mary's Physician Network. Effective March 1, 2001, it assumed claims processing for Waukesha/Elmbrook Health Care, S.C.

The examiners selected a random sample of 100 paid claims and 100 denied claims. The sample included two claims involving policies for federal employees and four involving medical assistance recipients that were not reviewed. The examiners also requested and reviewed a claim aging report of the company's claims processing activities for the period June through August 2001. The examiners determined that the company had a mechanism for identifying claims paid in excess of 30 days, for identifying reprocessed claims, and for paying interest on claims paid in excess of 30 days. Section 628.46, Wis. Stat., requires that an insurer promptly pay claims within 30 days after the insurer is furnished written notice of the fact of a covered loss and of the amount of the loss. The examiners found the following claims were paid in excess of 30 days without interest being paid:

Claim No. Process Error	Date Denied/or	Reprocessed
0159626130000	06/29/00	07/21/00
0581263120001	10/05/00	08/02/01
1595023030001	05/16/01	[in process]
0216416200001	09/02/00	[in process]

The company documented that it had issued interest payment or was in the process of issuing interest payment on those claims identified as involving a delay in payment.

The examiners requested from Compcare a printout, including definitions, of the claim adjustment codes (ANSI codes) it used for its explanation of benefits (EOB) and remittance advice (RA) forms. Compcare responded that its ANSI code file was not complete, and that it should complete an update of the file by August 10, 2001. Section Ins 3.651 (2), Wis. Adm. Code, defines claims adjustment reason codes as the claim disposition codes of the American national standards institute accredited standards committee X 12 (ASC X12). Section Ins 3.651 (5), Wis. Adm. Code, requires that insurers begin using the updated claim adjustment reason codes after being notified that an updated list of codes is available.

3. **Recommendation** - It is recommended that Compcare file with the commissioner within three months of the adoption of the examination report documentation that it

has updated the ANSI code file for its claim system in order to comply with s. Ins 3.651 (3)(b)i and (4)(a)f, Wis. Adm. Code.

4. **Recommendation** - It is recommended that Compcare institute a procedure whereby its ANSI code file is reviewed and updated on a semiannual basis in order to comply to s. Ins 3.651 (5), Wis. Adm. Code.

The examiners found that claim numbers 1094462450000, 0235772660000, and 9155002120001 included an incorrect ANSI code or code explanation.

5. **Recommendation** - It is recommended that Compcare audit its claim processing procedures to ensure that it uses the most appropriate ANSI code and explanation in order to document compliance with s. Ins 3.651 (3) and (4), Wis. Adm. Code.

The examiners selected a sample of 13 service codes from EOBs in the claim sample that involved a charge by a provider in excess of the company's reasonable and customary charge. Section Ins 3.60 (4), Wis. Adm. Code, requires that an insurer that provides for settlement of clams based on a specific methodology base its methodology on an established set of data requirements. The examiners requested and reviewed information including, the name of the database vender, the date the database was last updated, the number of reportings (frequency), the number of providers reporting, the range of amounts billed, the payment percentile, and the allowable amount for each service code. No exceptions were noted.

Grievances and Complaints

The examiners reviewed Compcare's grievance process, complaint procedures, grievance committee meeting minutes, the grievance language in its insurance certificates, and its referral and disenrollment letters. Compcare has revised its internal grievance procedure to comply with s. Ins 9.33, Wis. Adm. Code, which became effective March 1, 2000.

Compcare's grievance committee reports to its member services committee, which in turn reports to its executive policy committee. Compcare's board of directors has assigned oversight of its grievance process and procedures to its executive policy committee. The examiners documented that these committees meet on a scheduled basis and maintain formal meeting minutes. The meeting minutes were well organized, complete and contained appropriate documentation.

Member services committee reports indicate that the grievance committee provides it with annual analysis and trend information in order to review and address required procedural or policy changes related to member services. The examiners documented that a semi-annual analysis of grievances is conducted and presented to the member services and executive policy committees. In October 2000, Compcare instituted an independent review organization (IRO) option to its grievance procedure for those grievances involving medical necessity or a determination of experimental treatment.

The examiners reviewed a random sample of 50 grievance files for the year 2000 and 50 grievance files for the period ending May 2001. The examiners found that the files were well organized and contained appropriate documentation. The files contained a summary sheet and a tracking sheet, both of which were complete and accurately represented the information in the grievance files reviewed.

The prior examination report recommended that Compcare acknowledge grievances within 10 days of their receipt, and document the acknowledgement in order to comply with s. Ins 3.50 (10) (f), Wis. Adm. Code. The examiners found the following exceptions regarding compliance with the prior examination recommendation.

Grievance ID	Date Recd by Company	Date Recd by Grievance Unit	Date of Acknowledgement Letter
00141	03/24/00		04/03/00
00152	03/10/00	03/17/00	04/04/00
00161	04/05/00	04/17/00	04/17/00
00515	10/17/00	10/20/00	10/30/00

Although these grievances were not acknowledged within 10 days, the examiners found that prior to this examination, Compcare's grievance unit had identified the delay in sending acknowledgment letters and had taken action to assure compliance. The examiners documented that on January 8, 2001 the grievance unit conducted a grievance training session for investigators in all its regional offices to address regulatory requirements for resolving grievances and Compcare's grievance process. Therefore, the examiners found that Compcare was in compliance with this recommendation.

Section Ins 3.50 (10), Wis. Adm. Code, was recreated effective March 1, 2000 as s. Ins 9.33, Wis. Adm. Code, and requires that the acknowledgement of a grievance be sent within 5 business days of receipt of the grievance. The examiners found that grievance files 01222 and 1189 were not acknowledged within the 5 working days required.

6. **Recommendation** - It is recommended that Compcare document that it acknowledges grievances within five business days as required by s. Ins 9.33 (3), Wis. Adm. Code.

The examiners found that grievance files 00435, 00422, 00152, 00515, 00161 contained more than one date stamp. The company stated that these grievances were date stamped by its mail room or customer service and then referred to the grievance unit where the grievance is again date stamped and recorded. The grievance unit records as receipt date the date the grievance was received in the grievance unit, not the date received by the company. Section Ins 9.33, Wis. Adm. Code, provides that the company shall, within 5 business days of receipt of a grievance, deliver or deposit in the mail to the grievant a written acknowledgement of receipt of the grievance. It is the position of OCI that receipt of a grievance means the date it is received by the company, not the date received by the company's grievance unit.

7. **Recommendation** - It is recommended that Compcare record as the receipt date, the date a grievance is initially received by the company, instead of the date received by the grievance unit, in order to assure compliance with s. Ins 9. 33, Wis. Adm. Code.

Compcare states that when its grievance unit resolves a grievance prior to the grievance committee meeting, it telephones the grievant to explain that the grievance will not be reviewed by the grievance committee as the grievance has already been resolved. The

examiners found that grievance files 00571, 00622, 00112, 00618, 00473, 01217, 01150, 1204, 01129, 01173, 01067, 01061, 01128 did not include documentation regarding the telephone call. These files did include documentation that resolution letters were sent.

8. **Recommendation** - It is recommended that Compcare document in its grievance files the date and reason for the telephone contacts in order to comply with s. Ins 9.33 (4), Wis. Adm. Code.

Compcare's provider agreements require that contracted providers submit to the company copies of those patient health care records necessary to the resolution of claims and to the administration of its quality improvement program. Compcare states that a member of the company's provider contracting staff sits on the grievance committee and is informed when problem arise regarding obtaining patient health care records. The examiners found that grievance file 00593 included correspondence dated October 16, October 27, November 14, and November 17, 2000, notifying the enrollee that medical records had been requested. Compcare reported in its grievance log a resolution date of November 17, 2000. The examiners informed the company that OCI does not consider Compcare's inability to obtain medical records from a contracted provider as a resolution of a grievance.

9. **Recommendation** - It is recommended that Compcare develop a mechanism for resolving a grievance in the grievant's favor in those instances where it is unable to obtain patient health care records from a contracted provider in order to comply with s. 9.33 (4) and (5), Wis. Adm. Code.

The examiners reviewed a sample of 100 complaint files, including 50 complaints received by telephone, 25 complaints received by e-mail, and 25 written complaints. Compcare's customer service unit is responsible for responding to claims inquiries. The examiners found that four files did not include documentation that communications regarding claims were acknowledged within the 10 days.

Claim No.	Date Rec'd	Date Resolved
388867402	11/27/00	01/29/01
391622582	04/05/01	05/11/01
322625416	05/20/01	07/06/01
392784748	01/23/01	02/28/01

Section. Ins 6.11 (3), Wis. Adm. Code, provides that the failure to promptly acknowledge pertinent communications with respect to claims arising under insurance policies is an unfair claim settlement practice if performed with such frequency as to indicate general business practice.

10. **Recommendation** - It is recommended that Compcare document that communications with respect to claims are acknowledged within 10 days of receipt as required by s. Ins 6.11 (3), Wis. Adm. Code.

The examiners also determined that 1 complaint (ID 387443830) was a written expression of dissatisfaction, which meets the definition of grievance under s. Ins 9.01 (5), Wis. Adm. Code.

11. Recommendation - It is recommended that Compcare identify, resolve and report as grievances those telephone, e-mail, and written complaints that meet the definition of grievance as defined by s. Ins 9.01 (5), Wis. Adm. Code.

Electronic Commerce

Compcare shares a web site with Blue Cross & Blue Shield United of Wisconsin. This is the only active company web site. The company's corporate marketing department is responsible for the development and oversight of internet activities. The web site is audited by Ernst & Young and has received the cybercertification seal of security. All sensitive areas of the web site are protected by encryption technology.

Compcare provides quotes and accepts applications online. Its web site contains a "need customer service" section, which allows enrollees to access information regarding the status of their claims. The web site also makes available benefit information that allows enrollees to order additional identification cards, confirm eligibility status, and send complaints/grievances to the customer service department. A provider directory is available online and enrollees can enter their zip codes to identify providers located in their service area.

The examiners found that the company does not maintain a list of its agents' web sites nor does it have a process for monitoring its agents' internet activity. Section Ins 3.27, Wis. Adm. Code, establishes minimum standards of and guidelines for conduct in the advertising and sale of insurance that prevent unfair competition among insurers and are conducive to the accurate presentation and description to the insurance buying public of policies of insurance.

12. **Recommendation** - It is recommended that Compcare institute a plan for monitoring its agents' internet activity in order to document compliance with the requirements of s. Ins 3.27, Wis. Adm. Code.

MANAGED CARE ACTIVITIES

The August 1999 desk audit report of the company's managed care activities, documented the company's efforts toward compliance with 1997 Wisconsin Act 237, which became effective January 1, 1999. The desk audit involved a review of the company's practices and procedures as they relate to provider choice, access standards, continuity of care and quality assurance. This examination was conducted in part to verify and document Compcare's response to the desk audit interrogatories.

The examiners reviewed Compcare's board of directors, executive policy, clinical QI council, pharmacy and therapeutics, utilization management, credentialing, member services, network management and grievance committee minutes. The examiners also reviewed Compcare's quality improvement program description, 2000-2001 quality improvement work plan and 1999-2000 annual evaluation of the quality improvement program. The clinical aspects of the company's quality improvement (QI) plan, which included clinical improvement, clinical practice guidelines, utilization management, and health state management were outside the scope of this review. The examiners' review focused on the program and organizational improvement, service improvement, and network management aspects of Compcare's QI plan, specifically as they relate to ch. 609, Wis. Stat. and ch. Ins 9, Wis. Adm. Code.

Quality Improvement and Assurance

Compcare's quality improvement program description provides that the company's CompcareBlue medical director/chief medical office of UWSI and its medical director of QI and care management are responsible for the company's QI program. The chief medical officer chairs the clinical QI council and sits on the executive policy committee. The company's medical director of QI and care management and its medical director of health policy report to the chief medical officer.

Compcare has a written confidentiality policy that outlines the protection of the confidentiality of member information and records. The confidentiality policy is part of the QI work plan, and was presented to the executive policy committee and board of directors in November 2000.

The examiners reviewed Compcare's marketing materials, enrollment materials and certificates of coverage to document that they included a summary of the company's quality assurance plan. Section Ins 9.40 (7), Wis. Adm. Code, requires that an insurer include in its marketing materials and certificates of coverage or enrollment materials a summary of its quality assurance plan. It also requires the inclusion of a statement of patient rights and responsibilities in its certificates of coverage or enrollment materials. The examiners found that Compcare's marketing materials did not include a summary of the company's quality assurance plan. Compcare stated that it plans to incorporate the quality assurance language upon its next printing of its marketing materials.

13. **Recommendation** - It is recommended that Compcare file with the commissioner within three months of the adoption of the examination report documentation that it has updated it marketing materials to include a summary of its quality assurance plan as required by s. Ins 9.40 (7), Wis. Adm. Code.

Compcare's National Committee of Quality Assurance (NCQA) accreditation status expired July 17, 2001. The company states that it has chosen to undergo a NCQA renewal survey March 11-14, 2002.

Access Standards

Compcare defines a primary care provider as a network physician whose primary field of practice is family practice, internal medicine, pediatrics, or obstetrics-gynecology. The examiners reviewed the company's access and availability standards, the performance assessment unit and medical QI program sections of its QI policy and procedure manual, and the survey tools used for facility site reviews. The examiners also reviewed the company's data relating to provider and visit types, urban and suburban areas, and rural areas. Compcare's acceptable availability standards require two primary care physicians (PCP) or obstetricians/gynecologists (OB/Gyn) providers within eight miles or within 20 minutes non-rush hour drive time for urban & suburban areas. The standards require two practitioners within eight miles for all other specialists. For rural areas, Compcare's availability standards require two practitioners within 15 miles or 30 minutes of drive time for PCP and OB/GYN providers. For all other specialists in rural areas, it requires two practitioners within 30 miles or 45 minutes of drive time.

Compcare uses GeoAccess, Inc. software to assist in reporting provider and network adequacy. The company's compliance percentage indicates that it is in excess of 90% by

category and area. However for specialists in rural areas, the company reports 81.9% compliance.

Continuity of Care

Compcare assigns responsibility for the continuity of care and accuracy of provider information to its network management committee and regional provider relations/contracting sub-committee. Compcare's 2000-2001 work plan identified as a goal the monitoring of compliance with the continuity of care requirements under s. 609, Wis. Stat. The minutes for the February 7, 2001 board of directors indicated that the medical director of QI and care management presented a report on the status of the company's efforts regarding compliance with the continuity of care, and indicated that the company was not compliant with the 30 day notice requirements for terminating specialists. The minutes of the January 18, 2001 meeting of member services committee indicated that the company had a system in place for primary care physicians (PCPs) but not for specialists. The minutes of the June 18, 2001 meeting of the member services committee indicated that it reviewed a draft policy regarding continuity of care for specialists. Section Ins 9.35 (1)(a) 2, Wis. Adm. Code, requires that if a terminating provider is a specialist, the managed care plan shall notify each enrollee authorized by referral to receive care from the specialist of the termination the greater of 30 days prior to the termination or 15 days following the insurer's receipt of the provider's termination notice and describe each enrollee's options for receiving continued care from the terminated provider. Although the examiners did not document that Compcare was in compliance with the continuity of care requirements for specialists, they did document that the company had in place a process that allowed it to identify and monitor the situation, to develop a plan for improvement, and to report the issue to the appropriate committees, including the board of directors. The examiners also documented that the medical director of QI and care management was monitoring this compliance issue.

14. **Recommendation** - It is recommended that Compcare file with the commissioner within three months of the adoption of the examination report documentation regarding its process for assuring continuity of care regarding specialists in order to comply with s. 609. 24, Wis. Stat. and s. Ins 9.35 (a) and (b), Wis. Adm. Code.

Compcare's printed provider directories and internet provider listings identify providers not accepting new patients. In order to document that the provider listings on its internet provider directories were current, the examiners obtained a listing of providers whose provider agreements were terminated during June and July 2001 to determine if the providers' names had been terminated from Compcare's internet provider directory. Section 609.24, (1), Wis. Stat. requires that a managed care plan shall 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 at the most recent open enrollment period or most recent coverage renewal. The examiners reviewed the provider directory data screen for 16 of the 51 terminated providers. The examiners found that as of August 1, 2001, the names of six of the 16 providers reviewed had active listings on the company's web site.

Provider	Title	Termination Date

Ogheneruem	MD	06/28/01
Correa	MD	07/21/01
Fulton	MD	07/13/01
Harris	MD	06/30/01
MacGillis	MD	07/12/01
Tessen	MD	06/30/01

15. **Recommendation** - It is recommended that Compcare include in its procedures for updating provider directories and internet provider listings a process for the timely termination of provider names in order to comply with s. 609.22 (3), Wis. Stat.

Provider Agreements

The examiners reviewed Compcare's generic network physician agreement, network specialty physician agreement, network medical group agreement, network health system agreement, network physician group agreement, network provider group agreement, network chiropractor agreement, and network chiropractor group agreement. In addition, the examiners reviewed the executed agreements for those providers included in the credentialing sample.

The examiner found that Compcare's executed provider agreements for 18 providers included in the grievance reporting section reference to s. Ins 3.50 (10)(g), Wis. Adm. Code, not the reference to the recreated s. Ins 9.33 (7)(b), Wis. Adm. Code.

Provider ID	Contract Date	Provider ID	Contract Date
11448456007	1/01/00	34372680108	1/01/99
470729516000	7/01/00	12382642E05	10/01/99
543607656006	3/01/99	357802909006	1/01/00
027605747008	1/01/01	391526916005	1/01/01
513628230007	4/01/00	288863184009	9/01/99
552190846006	1/01/95	443447467004	1/01/99
120327242000	3/01/00	333725237007	4/01/99
473242025004	10/01/00	087347236009	3/01/99
387620458001	1/01/00	280702646009	10/01/99

The examiners documented that Compcare has redrafted the language for its generic provider agreements. Compcare stated that the updated language would be included in its contracts as they are renegotiated.

16. **Recommendation** - It is recommended that Compcare at the renegotiation of its provider agreements and no later than one year after the adoption of the examination report, include in its provider agreements the reference to s. Ins 9.33 (7) (b), Wis. Adm. Code.

The examiners found that the executed provider agreements for five providers included a

general reference to ch. 609, Wis. Stat., but did not include continuity of care language that complies with s. 609.24, Wis. Stat.

Provider ID	Contract Date	Provider ID	Contract Date
543607656005	3/01/99	Contract PK 127	01/01/95
120327242000	3/01/00	Contract PK 148	04/01/99
Contract PK 67	10/01/99		

The examiners documented that Compcare has redrafted the language for its generic provider agreements. Compcare stated that the language would be included in its contracts as they are renegotiated.

17. **Recommendation** - It is recommended that Compcare at the renegotiation of its provider agreements and no later than one year after the adoption of the examination report, include in its provider agreements the specific reference to the continuity of care language in s. 609.24, Wis. Stat.

Provider Selection and Credentialing

The examiners reviewed Compcare's credentialing policy and procedures in its QI policy and procedure manual, the 2000-2001 work plan, the 1999-2000 program annual evaluation, credentials committee guidelines, and minutes of the credentialing and delegation oversight committees. The examiners found that Compcare has a formal documented process for credentialing providers. The examiners also found that the committee minutes were complete and well organized and that the minutes included documentation of a hierarchy of oversight of the credentialing process.

Compcare has a credentialing unit, two credentialing committees and a delegation oversight committee. The credentialing committees are chaired by the medical director of quality improvement and care management and report to the clinical QI council, which is chaired by the chief medical officer, and reports to the executive policy committee. The delegation oversight committee is a subcommittee that oversees those functions delegated by written agreement to network provider groups. The delegation oversight committee is chaired by the medical director of QI and care management and reports to the network management committee and the clinical QI committee.

The examiners' selected a random sample of 50 contracted providers. The sample included all provider categories, and included nine providers where Compare performed credentialing activities, 33 providers where credentialing was delegated, seven providers who were exempt from credentialing, and one provider who was not credentialed.

The providers in the delegated provider category are members of large provider groups with whom Compcare has a written agreement that allows the provider group to perform credentialing activities, and requires that the credentialing activities be reported to the company. The examiners reviewed auditing reports that documented that Compcare conducted on-site audits of the delegated credentialing programs.

Those providers in the exempt provider category are hospital-based providers who are exempt under National Committee for Quality Assurance (NCQA) guidelines. Those providers in the not credentialed category are optometry, physical therapy, occupational therapy, speech language pathology, durable medical equipment, and audiology providers and imaging centers.

The examiners reviewed the nine credentialing files where Compcare performed the credentialing activities. The examiners found that two of the files were not complete. The files contained letters regarding credentialing issues but did not contain documentation of response. Compcare indicated that it was aware that the files deviated from its current written procedures. The company provided file histories and its plan for obtaining current credentialing information.

18. **Recommendation** - It is recommended that Compcare document in its provider credentialing files all activity involving its credentialing unit and credentialing committees in order to document compliance with s. 609.32 (2), Wis. Stat.

In August 1999, Compcare installed an updated system for tracking credentialing data. The company reported that the validation of the imported information for delegated providers was completed at the end of January 2000. The examiners reviewed the practitioner information on the credentialing database for the sample of 50 providers. The examiners found that data fields for two providers where credentialing was delegated were either blank or did not document recent credentialing activity.

Provider ID	Status	Last Cred. Date	Next Recr. Date	Sched. Recr. Date
288863184009	active	blank field	blank field	blank field
390463436001	active	06/09/93	12/09/94	12/09/94

Section 609.24 (2)(b), Wis. Stat., requires that a managed care plan shall establish in writing a formal, ongoing process for reevaluating each participating provider with a specified number of years after the provider's initial acceptance for participation. The reevaluation shall include updating the previous review criteria. Compcare stated that it is continuing to work with several delegates in order to update and maintain current credentialing information.

19. Recommendation - It is recommended that Compcare document that it has updated its credentialing database for all currently contracted providers and that it conduct periodic audits of its database to assure documented compliance with the company's written procedures and s. 609.32 (2)(b), Wis. Stat.

Patient Protection

In addition to the quality assurance and patient protection requirements above, 1997 Wisconsin Act 237, included patient protection requirements specific to standing referrals, second opinions, access to emergency care, telephone access, and access for underserved populations. The examiners reviewed the company's quality improvement program description, 2000-2001 quality improvement work plan, and 1999-2000 annual evaluation of the quality improvement program, policy form language, marketing and

enrollment materials, grievance and complaint procedures, and disclosure documents. No exceptions were noted.

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V. SUMMARY OF RECOMMENDATIONS

Marketing, Advertising, and Sales

1. It is again recommended that Compcare utilize its corporate name, Compcare Health Services Insurance Corporation, in each of its advertising materials as required by s. Ins 3.27 (12), Wis. Adm. Code.

2. It is recommended that Compcare in referring to small employer group insurance in its advertisements use the statutory definition of not more than 50 employees, as required by s. 635.02 (7), Wis. Stat.

Claims Administration

3. It is recommended that Compcare file with the commissioner within three months of the adoption of the examination report documentation that it has updated the ANSI code file for its claim system in order to comply with s. Ins 3.651 (3)(b)i and (4)(a)f, Wis. Adm. Code.

4. It is recommended that Compcare institute a procedure whereby its ANSI code file is reviewed and updated on a semiannual basis in order to comply to s. Ins 3.651 (5), Wis. Adm. Code.

5. It is recommended that Compcare audit its claim processing procedures to ensure that it uses the most appropriate ANSI code and explanation in order to comply with s. Ins 3.651 (3) and (4), Wis. Adm. Code.

Grievances and Complaints

6. It is recommended that Compcare document that it acknowledges grievances within five working days as required by s. Ins 9.33 (3), Wis. Adm. Code.

7. It is recommended that Compcare record as the receipt date, the date a grievances is initially received by the company, instead of the date received by the grievance unit, in order to document compliance with s. Ins 9.33, Wis. Adm. Code.

8. It is recommended that Compcare document in its grievance files the date and reason for the telephone contacts in order to comply with s. Ins 9.33 (4), Wis. Adm. Code.

9. It is recommended that Compcare develop a mechanism for resolving a grievance in the grievant's favor in those instances where it is unable to obtain patient health care records from a contracted provider in order to comply with s. 9.33 (4) and (5), Wis. Adm. Code.

10. It is recommended that Compcare document that communications with respect to

claims are acknowledged within 10 days of receipt as required by s. Ins 6.11 (3), Wis. Adm. Code.

11. It is recommended that Compcare identify, resolve and report as grievance those telephone, e-mail, and written complaints that meet the definition of grievance as defined by s. Ins 9.01 (5), Wis. Adm. Code.

Electronic Commerce

12. It is recommended that Compcare institute a plan for monitoring its agents' internet activity in order to document compliance with the requirements of s. Ins 3.27, Wis. Adm. Code.

Quality Improvement & Assurance

13. It is recommended that Compcare file with the commissioner within three months of the adoption of the examination report documentation that it has updated it marketing materials to include a summary of its quality assurance plan as required by s. Ins 9.40 (7), Wis. Adm. Code.

Continuity of Care

14. It is recommended that Compcare file with the commissioner within three months of the adoption of the examination report documentation regarding its process for assuring continuity of care regarding specialists in order to comply with s. 609. 24, Wis. Stat. and s. Ins 9.35 1(a) 2), Wis. Adm. Code.

15. It is recommended that the company include in its procedures for updating provider directories and internet provider listings a process for the timely termination of provider names in order to comply with s. 609.22 (3), Wis. Stat.

Provider Agreements

16. It is recommended that Compcare at the renegotiation of its provider agreements and no later than one year after the adoption of the examination report, include in its provider agreements the reference to s. Ins 9.33 (7) (b), Wis. Adm. Code.

17. It is recommended that Compcare at the renegotiation of its provider agreements and no later than one year after the adoption of the examination report, include in its provider agreements the specific reference to the continuity of care language in s. 609.24, Wis. Stat.

Credentialing

18. It is recommended that Compcare document in its provider credentialing filesall activity involving its credentialing unit and credentialing committees in order to document compliance with s. 609.32 (2), Wis. Stat.

19. It is recommended that Compcare document that it has updated its credentialing database for all currently contracted providers and that it conduct periodic audits of its database to assure documented compliance with the company's written procedures and s. 609.32 (2)(b), Wis. Stat.

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VI. CONCLUSION

Compcare's prior examination report contained 10 market conduct recommendations in the areas of advertising, complaints and grievances, and claim administration. Compcare was found to be out of compliance with one recommendation. Compcare's prior managed care desk audit examination contained four recommendations. Compcare was found to be in compliance with all the recommendations. In addition to the noncompliance recommendation, the examiners made 18 new recommendations. The new recommendations involved all areas under review.

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VII. ACKNOWLEDGEMENT

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 during the course of the examination by the officers and employees of the company is hereby acknowledged.

Respectfully submitted,

Diane Dambach,
Examiner-in-Charge
Bureau of Market Regulation

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Updated: August 19, 2002