



**COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT**

**MARKET CONDUCT
EXAMINATION REPORT**

OF

**UnitedHealthcare
Insurance Company
Horsham, PA**

**As of: November 12, 2015
Issued: January 8, 2016**

**BUREAU OF MARKET ACTIONS
LIFE AND HEALTH DIVISION**

Verification

Having been duly sworn, I hereby verify that the statements made in the within document are true and correct to the best of my knowledge, information and belief. I understand that false statements made herein are subject to the penalties of 18 Pa. C.S. §4903 (relating to false swearing).

Roshanak Fekrat

Roshi Fekrat, CPA, CFE, CIA, AMCM

Sworn to and Subscribed Before
me This ^{9th} 10th of November, 2015

 11/9/15
Notary Public

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Frank J. Catanzaro II, Notary Public
Ambler Boro, Montgomery County
My Commission Expires April 5, 2018
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

**UNITEDHEALTHCARE INSURANCE COMPANY
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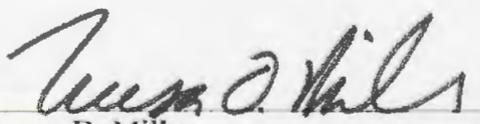
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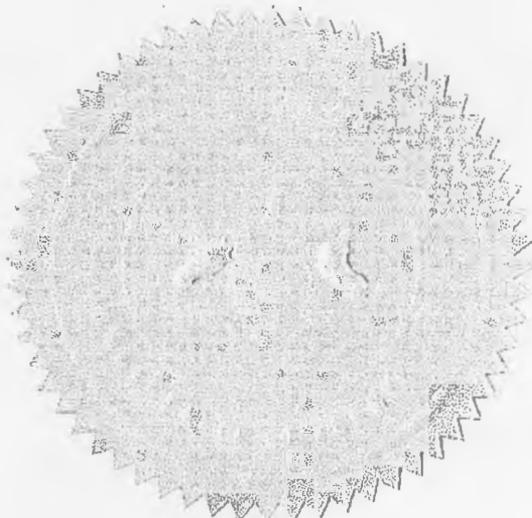
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BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

ORDER

AND NOW, this 13th day of November, 2015, in accordance with Section 905(c) of the Pennsylvania Insurance Department Act, Act of May 17, 1921, P.L. 789, as amended, P.S. § 323.5, I hereby designate Christopher R. Monahan, Deputy Insurance Commissioner, to consider and review all documents relating to the market conduct examination of any company and person who is the subject of a market conduct examination and to have all powers set forth in said statute including the power to enter an Order based on the review of said documents. This designation of authority shall continue in effect until otherwise terminated by a later Order of the Insurance Commissioner.


Teresa D. Miller
Insurance Commissioner



BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
UNITEDHEALTHCARE	:	40 P.S. §991.2166(a)
INSURANCE COMPANY	:	
680 Blair Mill Road	:	31 Pa. Code §146.3
Horsham, PA 19044	:	
	:	
	:	
	:	
	:	
	:	
	:	
Respondent.	:	Docket No. MC15-11-018

CONSENT ORDER

AND NOW, this *8th* day of *January, 2016*, this Order is hereby issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order shall have the full force and effect of an order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

3. Respondent neither admits nor denies the Findings of Fact or Conclusions of Law contained herein. No acts by Respondent that are alleged to be violations of Pennsylvania law in the referenced provisions were the result of any conscious policy to evade the requirements of Pennsylvania law.

FINDINGS OF FACT

4. The Insurance Department finds true and correct each of the following Findings of Fact:

- (a) Respondent is UnitedHealthcare Insurance Company, and maintains its address at 680 Blair Mill Road, Horsham, PA 19044-2223.
- (b) A market conduct examination of Respondent was conducted by the Insurance Department covering the period from January 1, 2011 to December 31, 2014.

- (c) On November 12, 2015, the Insurance Department issued a Market Conduct Examination Report to Respondent.
- (d) A response to the Examination Report was provided by Respondent on December 14, 2015.
- (e) The Examination Report notes violations of the following:
 - (i) 31 Pa. Code §146.3, which requires the claim files of the insurer shall be subject to examination by the Commissioner or by his appointed designees. The files shall contain notes and work papers pertaining to the claim in the detail that pertinent events and the dates of the events can be reconstructed;
 - (ii) 40 P.S. §991.2166(a), which requires a licensed insurer or managed care plan to pay a clean claim submitted by a health care provider within 45 days of receipt of the clean claim;

CONCLUSIONS OF LAW

5. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department makes the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.

- (b) Respondent's violations of 31 Pa. Code §146.3 is punishable under Section 9 of the Unfair Insurance Practices Act (40 P.S. §1171.0):
 - (i) Cease and desist from engaging in the prohibited activity;

 - (ii) Suspension or revocation of the license(s) of Respondent.

- (c) In addition to any penalties imposed by the Commissioner for Respondent's violation of 40 P.S. §§1171.71.1-1171.5, the Commissioner may, under 40 P.S. §§171.10, 1171.11), file an action in which the Commonwealth Court may impose the following civil penalties:
 - (i) for each method of competition, act or practice which the company knew or should have known was in violation of the law, a penalty of not more than five thousand dollars (\$5,000.00).

- (d) Respondent's violations of Section 2166 of Act 68 of 1998 (40 P.S. §991.2166(a)) is punishable under Section 2182 of Act 68 of 1998 (40 P.S. §991.2182), which states the Department may impose a penalty of up to five thousand dollars (\$5,000.00) for a violation of this article.

ORDER

6. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondent shall file an affidavit stating under oath that it will provide each of its directors, at the next scheduled directors meeting, a copy of the adopted Report and related Orders. Such affidavit shall be submitted within thirty (30) days of the date of this Order.
- (c) Respondent shall comply with all recommendations contained in the attached Report.
- (d) Respondent shall pay Fifteen Thousand Dollars (\$15,000) to the Commonwealth of Pennsylvania in settlement of all violations contained in the Report.
- (e) Payment of this matter shall be made by check payable to the Pennsylvania Insurance Department. Payment should be directed to April Phelps,

Bureau of Market Actions, 1311 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment must be made no later than thirty (30) days after the date of this Order.

7. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein may pursue any and all legal remedies available, including but not limited to the following: The Insurance Department may enforce the provisions of this Order in the Commonwealth Court of Pennsylvania or in any other court of law or equity having jurisdiction; or the Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

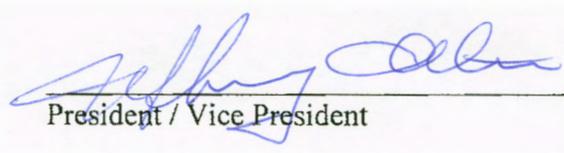
9. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

10. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

11. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

12. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

BY: UNITEDHEALTHCARE INSURANCE COMPANY,
Respondent



President / Vice President

Secretary / Treasurer



COMMONWEALTH OF PENNSYLVANIA

Christopher R. Monahan
Deputy Insurance Commissioner

I. INTRODUCTION

The Market Conduct Examination was conducted on UnitedHealthcare Insurance Company; hereafter referred to as “Company,” remotely from May 22, 2015 through October 22, 2015.

Pennsylvania Market Conduct Examination Reports generally note only those items, to which the Department, after review, takes exception. A violation is any instance of Company activity that does not comply with an insurance statute or regulation. Violations contained in the Report may result in imposition of penalties. Generally, practices, procedures, or files that were reviewed by Department examiners during the course of an examination may not be referred to in the Report if no improprieties were noted. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review these areas of concern in order to determine the potential impact upon Company operations or future compliance.

Throughout the course of the examination, Company officials were provided status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit conference was conducted with Company officials to discuss the various types of violations identified during the examination and review written summaries provided on the violations found.

The courtesy and cooperation extended by the Officers and Employees of the Company during the course of the examination is acknowledged.

The following examiners participated in the Examination and in the preparation of this Report.

Deborah Lee
Pennsylvania Insurance Department
Market Conduct Division Chief

Roshi Fekrat, CPA, CFE, CIA, AMCM
Global Insurance Enterprises Inc.
Managing Director

Raymond Conover, AIE, MCM, ARe, FLMI
Global Insurance Enterprises Inc.
Director, Regulatory Client Services
Examiner in Charge

Sarah Bridendall, MCM; CFE CISA
Global Insurance Enterprises Inc.
Senior Market Conduct Examiner

George Brown, CIE, CFE, MCM
Global Insurance Enterprises Inc.
Senior Market Conduct Examiner

II. SCOPE OF EXAMINATION

The Market Conduct Examination was conducted pursuant to the authority granted by 40 P.S. §323.3 and §323.4 of the Insurance Department Act and covered the experience period of January 1, 2011 through December 31, 2014, unless otherwise noted. The purpose of the examination was to ensure compliance with Pennsylvania insurance laws and regulations.

The examination focused on the Company's activities relating to claims practices for Pennsylvania autism claims. The Department defined the product area to be included in the review and limited the practices and procedures to be tested.

III. COMPANY HISTORY AND LICENSING

The Company, domiciled in the State of Connecticut, is a wholly owned subsidiary of UHIC Holdings, Inc. (Holdings, Inc.). The ultimate parent company is UnitedHealth Group Incorporated (UHG) which is a publicly held company trading on the New York Stock Exchange.

The Company was originally incorporated on March 24, 1972, in Illinois, as The Travelers Insurance Company of Illinois. Effective November 29, 1994, the Connecticut Department of Insurance approved the Company's redomestication to Connecticut from Illinois and name change to MetraHealth.

On October 2, 1995, one-hundred percent of The MetraHealth Companies, Inc. was purchased by United HealthCare Corporation (which later became UnitedHealth Group Incorporated).

Effective January 1, 1997, MetraHealth Insurance Company and United Health and Life Insurance Company, a Minnesota insurance company, merged. As a result of the merger, the surviving entity, MetraHealth Insurance Company, was renamed United HealthCare Insurance Company (UHIC).

On June 30, 2000, UHG contributed all the shares of UHIC to its wholly owned subsidiary United HealthCare Services, Inc., (UHS) who in turn contributed all the issued and outstanding shares of UHIC to its wholly owned subsidiary, Unimerica, Inc. As a result, the Company became a direct wholly owned subsidiary of Unimerica, Inc.

On March 31, 2004, Unimerica, Inc., was renamed UHIC Holdings, Inc. Effective December 31, 2008, the Company changed the spelling of its name to UnitedHealthcare Insurance Company.

The Company owns 100% of the common stock of UnitedHealthCare Insurance Company of Illinois, UnitedHealthCare Insurance Company of New York (UHIC-NY), UnitedHealthCare Insurance Company of Ohio, Unimerica Life Insurance Company of New York, Evercare of New Mexico, and a number of various insurance service affiliates.

The Company's Certificate of Authority to write business in the Commonwealth of Pennsylvania was last issued on April 1, 2015. The Company is licensed in the District of Columbia, American Samoa, Guam, Puerto Rico, U.S. Virgin Islands, Northern Mariana Islands and all states of the United States except New York.

IV. CLAIMS

The claim file review was performed in one (1) product area: Autism Spectrum Disorders. All claim files sampled were reviewed for compliance with 31 Pa. Code §146.3 and 40 P.S. §991.2166. The exam scope was limited to a review of claims that were denied and remained denied due to the place of service or procedure code not being covered.

The Company identified a universe of 1,574 autism services on 49 policies and approximately 1477 paid and denied claims for the experience period 2011-2014. Violation counts are based on the claim number regardless of the number of service dates reported under the claim number.

A. 2014 Autism Spectrum Disorder Claims

The Company identified a universe of 68 services on claims with 2014 service dates. A judgmental sample size of 100% of services (paid and denied) on claims in the universe (26 medical and 42 behavioral) were reviewed. The following violations were noted.

8 Violations - 31 Pa. Code §146.3

The claim files of the insurer shall be subject to examination by the Commissioner or by his duly appointed designees. Such files shall contain all notes and work papers pertaining to the claim in such detail that pertinent events and the dates of such events can be reconstructed. The 8 behavioral claims were denied and examiners could not verify that the procedure was not a covered service.

B. 2013 Autism Spectrum Disorder Claims

The Company identified a universe of 265 services on claims with 2013 service dates. A judgmental sample size of 75% of services (paid and denied) on claims in the universe (113 medical and 86 behavioral) were reviewed. The following violations were noted.

5 Violations - 31 Pa. Code §146.3

The claim files of the insurer shall be subject to examination by the Commissioner or by her appointed designees. The files shall contain notes and work papers pertaining to the claim in the detail that pertinent events and the dates of the events can be reconstructed. The 5 behavioral claims noted did not contain sufficient evidence to support the denial code.

C. 2012 Autism Spectrum Disorder Claims

The Company identified a universe of 644 services on claims with 2012 service dates. A judgmental sample size of 50% of services (denied) on claims in the universe (74 medical and 220 behavioral) were reviewed. The following violations were noted.

9 Violations - 31 Pa. Code §146.3

The claim files of the insurer shall be subject to examination by the Commissioner or by her appointed designees. The files shall contain notes and work papers pertaining to the claim in the detail that pertinent events and the dates of the events can be reconstructed. Of the 9 behavioral claims noted, 4 claim files contained insufficient documentation to determine that the procedure code was not eligible for payment and 5 claim files contained insufficient evidence to support the denial code.

27 Violations - 40 P.S. §991.2166(A)

A licensed insurer or a managed care plan shall pay a claim submitted by a health care provider within forty-five (45) days of receipt of the clean claim. Of the 27 claims noted, 9 medical claims and 18 behavioral clean claims were not paid within 45 days of receipt.

D. 2011 Autism Spectrum Disorder Claims

The Company identified a universe of 596 services on claims with 2011 service dates. A judgmental sample size of 50% of services (denied) on claims in the universe (60 medical and 113 behavioral) were reviewed. The following violations were noted.

4 Violations - 40 P.S. §991.2166(A)

A licensed insurer or a managed care plan shall pay a claim submitted by a health care provider within forty-five (45) days of receipt of the clean claim. The 4 clean claims were denied and not paid within 45 days of receipt.

V. RECOMMENDATIONS

The recommendations made below identify corrective measures the Department finds necessary as a result of the number of some violations, or the nature and severity of other violations, noted in the Report.

1. The Company shall increase quality control and internal control procedures to ensure compliance with requirements of 31 Pa. Code §146.3 Unfair Claims Settlement Practices.
2. The Company must review and revise procedures to ensure compliance with 40 P.S. §991.2166.

VI. COMPANY RESPONSE



Carrie L. Miller
CT006-1000
4 Research Drive, 5th Floor
Shelton, Connecticut 06484
203/447-4473

December 14, 2015

Debra L. Sweigard, Division Chief
Insurance Department, Bureau of Market Actions
Life, Accident and Health Division
1321 Strawberry Square
Harrisburg, Pennsylvania 17120

Re: UnitedHealthcare Insurance Company's Response to the
Market Conduct Examination (Autism) Report of November 2015

Ms. Sweigard,

In response to the Insurance Department's Report of November 2015, please note that:

UnitedHealthcare Insurance Company (United) acknowledges receipt of the Department's report of examination on Autism Spectrum Disorder claims. We have reviewed the Department's recommendations and will take all appropriate corrective actions.

United would like to thank the Department for their patience and cooperation.

Sincerely,

A handwritten signature in cursive script that reads 'Carrie L. Miller'.

Carrie L. Miller
UHC Ops, Analytics & Regulatory Support
Northeast Market Conduct Examination Team (MCEAT)