Report on

Market Conduct Examination

of

Golden Rule Insurance Company

Indianapolis, Indiana

by Representatives of the

North Carolina Department of Insurance

as of

January 17, 2017

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Raleigh, North Carolina
January 17, 2017

Honorable Mike Causey
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Department of Insurance
State of North Carolina
Dobbs Building
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Raleigh, North Carolina 27603

Honorable Stephen W. Robertson
Commissioner of Insurance
Indiana Department of Insurance
311 W. Washington Street, Suite 103
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Honorable Commissioners:

Pursuant to your instructions and in accordance with the provisions of North Carolina General Statute (NCGS) 58-2-131 through 58-2-134, a target examination has been made of the market conduct activities of

Golden Rule Insurance Company
(NAIC #62286)
NAIC Exam Tracking System Exam Number: NC-NC131-8
Indianapolis, IN

hereinafter generally referred to as the Company, at the Company's office located at 4 Research Drive, Shelton, Connecticut and at the North Carolina Department of Insurance (Department) office located at 11 S. Boylan Avenue, Raleigh, North Carolina. A report thereon is respectfully submitted.

SCOPE OF EXAMINATION

The Department conducted a target examination of the Company. This examination commenced on October 10, 2016, and covered the period of January 1, 2014, through December 31, 2014, with analyses of certain operations of the Company being conducted through January 17, 2016. This action was taken due to analysis of the market conduct annual filing submission. All comments made in this report reflect conditions observed during the period of the examination.

This examination was performed in accordance with auditing standards established by the Department and procedures established by the National Association of Insurance Commissioners (NAIC). The scope of this examination was not comprehensive, and consisted of an examination of the Company's practices and procedures in utilization reviews, member appeals and grievances, and provider availability/accessibility standards and monitoring. The findings and conclusions contained within the report are based on the work performed and are referenced within the appropriate sections of the examination report.

It is the Department's practice to cite companies in violation of a statute or rule when the results of a sample show errors/noncompliance that fall outside certain tolerance levels. The Department applied a 0 percent tolerance level for timeliness of utilization review, member appeal and grievance acknowledgement and determination letters. A tolerance level of 3 percent was applied for notification letter content of utilization reviews, member appeals and grievances. Sample sizes were generated using Audit Command Language software. The Department utilized a 95% Confidence Level to determine the error tolerance level.

EXECUTIVE SUMMARY

This market conduct target examination revealed concerns with Company procedures and practices in the following areas:

> *Utilization Management* – Failure to adequately document determination communications and conduct timely reviews for utilization review requests; failure to provide compliant written decision notification letters to covered persons for utilization

reviews and member appeals; failure to provide timely acknowledgement letters to covered persons for member appeals, and failure to reference the 'Health Insurance Smart NC' program in policy and plan documents.

Policyholder Grievances – Failure to provide timely written acknowledgement and decision letters to covered persons; and failure to provide compliant written acknowledgement and decision letters to covered persons.

Specific violations are noted in the appropriate sections of this report. All North Carolina General Statutes and rules of the North Carolina Administrative Code cited in this report may be viewed on the North Carolina Department of Insurance Web site www.ncdoi.com by clicking "Insurance Industry" then "Legislative Services" under "Other Divisions".

This examination identified various statutory violations, some of which may extend to other jurisdictions. The Company is directed to take immediate corrective action to demonstrate its ability and intention to conduct business in North Carolina according to its insurance laws and regulations. When applicable, corrective action for other jurisdictions must be addressed.

All statutory violations may not have been discovered or noted in this report. Failure to identify statutory violations in North Carolina or in other jurisdictions does not constitute acceptance of such violations.

UTILIZATION MANAGEMENT

The Company's Utilization Management program and activities were reviewed to determine adherence to Company guidelines and compliance with applicable North Carolina Statutes and rules.

As required by the provisions of NCGS 58-50-61, a formal structure has been established to oversee and conduct utilization management functions. The Medical Director has ultimate responsibility for oversight and implementation of the Utilization Management Program. This program is integrated with other operational areas of the Company in adherence to the provisions of NCGS 58-50-61.

Policies and Procedures

The Company's Utilization Management Program document, as well as policies and procedures, were examined to determine compliance with appropriate North Carolina statutes. The '*Utilization Management Program for the State of North Carolina',* as well as the *'Policy for Adverse UR Determinations for North Carolina'* utilized by the Company during the examination period outlines notice requirements for non-certifications which do not include reference to the availability of the 'Health Insurance Smart NC' program. Therefore, these documents do not adhere to the provisions of NCGS 58-50-61.

Medical Necessity Reviews

The scope of utilization management services provided includes prospective review for hospital admissions and ambulatory care and services, concurrent review of inpatient health services, retrospective review, referral management, complex case management, and discharge planning. Written noncertifications are communicated to members as required by the provisions of NCGS 58-50-61.

The Company received a total of 117 utilization review requests during the examination period, consisting of 17 prospective, 77 concurrent, and 23 retrospective files. All 117 files were reviewed to assess the Company's compliance with the provisions of NCGS 58-50-61, as well as its own policies and procedures. The review revealed that the Company did not adhere to the provisions of NCGS 58-50-61 based on the following:

- Seven files contained inadequate documentation necessary to ascertain that the non-certification decision letter was sent to the provider.
- A non-certification decision letter was not sent to the member nor the provider within one file.
- Within four files, the review was not completed and communicated within three business days.
- Within six files, the notation documenting the decision to approve the request did not adequately indicate the facility/provider or person to whom the approval details were communicated.

Appeals

Members who are not satisfied with utilization review determinations have the right to appeal the Company's decision. A member is entitled to an expedited review of his or her appeal if a delay in the rendering of health care would be detrimental to the member's health.

Appeal Records Review

The Company received a total of eight appeal requests during the examination period. All eight files were reviewed to assess the Company's compliance with the provisions of NCGS 58-50-61, as well as its own policies and procedures. The review revealed that the Company did not adhere to the provisions of NCGS 58-50-61(k) within one file which contained an acknowledgement letter that was not sent within three business days of receipt of the appeal.

The average service time to process a member appeal was 24 calendar days. A chart of the service time follows:

Service Days	Number of Files	Percentage of Total
8 - 14	2	25.0
15 - 21	1	12.5
22 - 30	5	62.5
Total	**8**	**100.0**

POLICYHOLDER GRIEVANCES

The Company received a total of 36 member grievance requests during the examination period. All 36 member grievance files were reviewed to assess the Company's compliance with the provisions of NCGS 58-50-62, as well as its own policies and procedures. The review revealed that the Company did not adhere to the provisions of NCGS 58-50-62 as follows:

- Six files did not contain an acknowledgement letter to the member.
- Two files contained an acknowledgement letter that was not sent within three business days of receipt of the grievance.

- The determination letter to the insured was not completed and sent within 30 days within one file.

- Six files did not contain provisions in the decision letter requiring notice of the availability of assistance from the 'Health Insurance Smart NC' program.

- The review process within four files for individual plans offered one level of review followed second-level grievance review procedures, which is permitted under Affordable Care Act provisions. However, the reviews for these grievance request files were not completed within 45 days of receipt of the grievance.

The average service time to process a member grievance was 25 calendar days. A chart of the service time follows:

Service Days	Number of Files	Percentage of Total
1 - 7	9	25.0
8 - 14	6	16.7
15 - 21	6	16.7
22 - 30	10	27.7
31 - 60	5	13.9
Total	**36**	**100.0**

PROVIDER NETWORK AVAILABILITY AND ACCESSIBILITY

The Company's policies and standards for provider and facility availability and accessibility, as well as monitoring results showing performance against these standards were reviewed to ascertain compliance with the provisions of 11 NCAC 20.0301(3) and 20.0302(3).

The Company did not meet their standards established during the examination period for appointment wait times as defined in their policy and procedures and as displayed in the following chart:

Appointment Type	Standard	Actual Results (%)
Routine - PCP	90% within 14 days	83.7
Routine – Ob/Gyn	90% within 14 days	77.7
Routine – Specialist Physicians	90% within 14 days	73.9
Routine – Mental Health Providers	75% within 10 business days	66.6
Urgent - PCP	90% same day	75.0

Based on the Company's response to the Department's review of these standards, it was noted that the Company took extensive corrective action subsequent to the examination

period to address and improve appointment wait times for members in North Carolina. These corrective actions resulted in the applicable standards being met beyond the examination period.

COMMENTS, RECOMMENDATIONS, AND DIRECTIVES

The Company must complete and implement corrective actions as a result of this target examination. These corrective actions must include but are not limited to: compliance with statutory requirements regarding member utilization review requests; appeal and grievance written notification decisions and acknowledgement letters (including timeliness and content of notifications); and Utilization Review Plan documents, policies and procedures.

CONCLUSION

A target examination has been conducted on the market conduct affairs of Golden Rule Insurance Company for the period January 1, 2014, through December 31, 2014, with analyses of certain operations of the Company being conducted through January 17, 2016.

This examination was conducted in accordance with the North Carolina Department of Insurance and the National Association of Insurance Commissioners Market Regulation Handbook procedures, including analyses of Company operations in the areas of utilization reviews, member appeals and grievances, and provider availability/accessibility standards and monitoring.

In addition to the undersigned, Darla Wright, MCM, North Carolina Market Conduct Senior Examiner, participated in this examination.

Respectfully submitted,

Scott D. Grindstaff, HIA, MHP, MCM
Examiner-In-Charge
Market Regulation Division
State of North Carolina

I have reviewed this examination report and it meets the provisions for such reports prescribed by this Division and the North Carolina Department of Insurance.

Tracy M. Biehn, MBA, MCM, LPCS
Deputy Commissioner
Market Regulation Division
State of North Carolina