

Report on

Market Conduct Examination

of

Senior Health Insurance Company of Pennsylvania

Harrisburg, Pennsylvania

by Representatives of the

North Carolina Department of Insurance

as of

November 30, 2015

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Raleigh, North Carolina
November 30, 2015

Honorable Wayne Goodwin
Commissioner of Insurance
Department of Insurance
State of North Carolina
Dobbs Building
430 N. Salisbury Street
Raleigh, North Carolina 27603

Honorable Teresa Miller
Commissioner of Insurance
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

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

**Senior Health Insurance Company of Pennsylvania
(NAIC # 76325)**

NAIC Exam Tracking System Exam Number: NC299-M80
Harrisburg, Pennsylvania

hereinafter generally referred to as the Company, at the Company's office located at 550 Congressional Boulevard, Suite 200, Carmel, Indiana, 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 June 8, 2015, and covered the period of January 1, 2013, through December 31, 2013, with analyses of certain operations of the Company being conducted through November 16, 2015. This action was taken due to market analysis on long-term care. 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 the examination was not comprehensive, but included a limited review of the Company's claims practices and procedures. The findings and conclusions contained within the report are based solely 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 at or above the following level: 7 percent for claims practices.

EXECUTIVE SUMMARY

This market conduct examination revealed no concerns with the Company's claims practices and procedures.

All North Carolina General Statutes and rules of the North Carolina Administrative Code cited in this report may be viewed on the Department Web Site www.ncdoi.com, by clicking "INSURANCE DIVISIONS" then "Legislative Services".

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.

CLAIMS PRACTICES

Individual Long-Term Care Claims Paid

The Company provided a listing of 170 individual long-term care claims paid. Fifty claim files were randomly selected for review.

One claim file (2.0 percent error ratio) did not contain evidence that a status report was sent 45 days after claim receipt and every 45 days after claim acknowledgment.

The average service time to process a claim payment was 29 calendar days. A chart of the average service time follows:

Service Days	Number of Files	Percentage of Total
1 - 7	4	8.0
8 - 14	6	12.0
15 - 21	10	20.0
22 - 30	12	24.0
31 - 60	15	30.0
Over 60	3	6.0
Total	50	100.0

Individual Long-Term Care Claims Denied

The entire population of 26 individual long-term care claims denied files was reviewed.

One claim file (3.8 percent error ratio) did not contain evidence that a status report was sent every 45 days after claim acknowledgment.

One claim (3.8 percent error ratio) was denied in error based on a certified nursing assistant being considered as an ineligible provider. Per the provision of 11 NCAC 12.1008(a)(4), a policy may not limit or exclude benefits by requiring that a nurse or therapist provide services covered by the policy that can be provided by a home health aide or by another licensed or certified home care worker acting within the scope of his or her licensure or certification. This matter could result in non-adherence to the provisions of NCGS 58-63-15(11)(f) if the occurrence is of such frequency as to be considered a general business practice. As a result of the Department's review, the Company paid benefits of \$800.00.

One claim file was closed at the instruction of the insured's attorney-in-fact, who decided to pursue benefits solely under the insured's other policy with the carrier. Benefits were paid for the other policy. The Department contacted the attorney-in-fact, who called the Company to discuss reopening the closed claim. As a result, the Company paid benefits of \$12,012.43.

The average time to process a claim denial was 35 calendar days. A chart of the service time follows:

Service Days	Number of Files	Percentage of Total
1 - 7	4	15.4
8 - 14	7	26.9
15 - 21	3	11.5
22 - 30	1	3.9
31 - 60	7	26.9
Over 60	4	15.4
Total	26	100.0

COMMENTS, RECOMMENDATIONS, AND DIRECTIVES

The Company must identify the Third Party Administrator on the Explanation of Benefits (EOB). The Department also recommended that the Company add page numbers to the EOB.

CONCLUSION

A target examination has been conducted on the market conduct affairs of Senior Health Insurance Company of Pennsylvania for the period of January 1, 2013, through December 31, 2013, with analyses of certain operations of the Company being conducted through November 16, 2015.

This examination was conducted in accordance with the Department and the NAIC Market Regulation Handbook procedures, including analyses of Company operations in the area of claims practices and procedures.

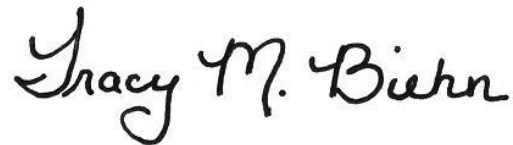
In addition to the undersigned, Marion Flemmings, HIA, HIPAAP, HCSA, MCM, and John Curry, CLU, FLMI, REBC, AIRC, MCM, North Carolina Market Conduct Senior Examiners, participated in this examination and in the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink that reads "Vicki S. Royal". The signature is written in a cursive style with a large, flowing 'V' and 'R'.

Vicki. S. Royal, CPM, MCM, ACS, AIAA, AIRC
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.

A handwritten signature in black ink that reads "Tracy M. Biehn". The signature is written in a cursive style with a large, flowing 'T' and 'B'.

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