

Report on

Market Conduct Examination

of

UnitedHealthcare Insurance Company

Hartford, Connecticut

by Representatives of the
North Carolina Department of Insurance

as of

April 25, 2016

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Raleigh, North Carolina
April 25, 2016

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

Honorable Katharine L. Wade
Commissioner of Insurance
Connecticut Insurance Department
153 Market Street, 7th Floor
Hartford, Connecticut 06103

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

UnitedHealthcare Insurance Company
(NAIC #79413)

NAIC Exam Tracking System Exam Number: NC-NC299-1
Hartford, Connecticut

hereinafter generally referred to as the Company, at the Company's office located at 1300 River Drive Suite 200, Moline, Illinois 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 February 8, 2016, and covered the period of January 1, 2014, through December 31, 2014, with analyses of certain operations of the Company being conducted through April 4, 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, but included a limited review 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 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 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 (ACL) 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 area:

Policyholder Grievances – 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 DIVISIONS” then “Legislative Services”.

This examination identified a statutory violation, 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 should 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 policies and procedures were examined to determine compliance with appropriate North Carolina statutes. No adverse trends or unfair trade practices were revealed during this review.

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. The Company's Utilization Management plan contains provisions for sending written noncertifications to members as required by the provisions of NCGS 58-50-61. The Company did not receive any utilization review requests during the examination period.

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/her appeal if a delay in the rendering of health care would be detrimental to his/her health.

Appeal/Expedited Appeal Records Review

The Company received one expedited appeal request during the examination period. A review of this expedited appeal file revealed no adverse trends or unfair trade practices.

POLICYHOLDER GRIEVANCES

The total population of two member grievance files received by the Company during the examination period was 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 within one file, as the acknowledgement letter did not specify the name and contact information of the Company coordinator assigned to the grievance and the written adverse decision letter contained an incorrect phone number for the 'Health Insurance Smart NC' program.

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's goal is for performance results not to exceed five percent below the standard. The Company's performance result for 'urgent care appointments' was beyond five percent below the standard for the examination period. These standards and results are specific to North Carolina membership, and are displayed in the following chart:

2014 Market Description	Routine Care Appointments	Urgent Care Appointments	Specialty Care Appointments	After Hours Care Appointments
UHCIC Standard (%)	87.11 within 14 days	92.21 within same day	87.93 as soon as needed	70.53 within 24 hrs/ 7 days wk
UHCIC Performance (%)	85.92	86.82	86.22	73.27

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 content of member grievance written notification decisions and acknowledgement letters.

CONCLUSION

A target examination has been conducted on the market conduct affairs of UnitedHealthcare Insurance Company for the period January 1, 2014, through December 31, 2014, with analyses of certain operations of the Company being conducted through April 4, 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.

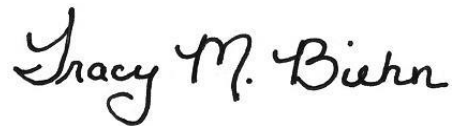
In addition to the undersigned, Marion A. Flemmings, HIA, HIPAAP, HCSA, MCM, North Carolina Market Conduct Senior Examiner, participated in this examination.

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