

**IN THE DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION
STATE OF MISSOURI**

In Re:)
)
COX HEALTH SYSTEMS HMO, INC.) Market Conduct Exam No. 1308-20-TGT
(NAIC #95530))

ORDER OF THE DIRECTOR

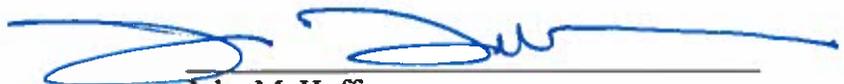
NOW, on this 31st day of January, 2017, Director, John M. Huff, (hereafter the "Director"), after consideration and review of the market conduct examination report of Cox Health Systems HMO, Inc. (NAIC #95530) (hereinafter "Cox Health" or the "Company"), report number 1308-20-TGT, conducted by the Division of Insurance Market Regulation pursuant to §374.205.3(3)(a), RSMo¹, does hereby adopt such report as filed. After consideration and review of such report, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such report are deemed to be the Director's findings and conclusions accompanying this order pursuant to §374.205.3(4), RSMo.

This order, issued pursuant to §374.205.3, RSMo and §374.046.15, RSMo (Cum. Supp. 2013), is in the public interest.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 31st day of January, 2017.





John M. Huff
Director

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2000, as amended.

STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND
PROFESSIONAL REGISTRATION



FINAL MARKET CONDUCT EXAMINATION REPORT
of the Health Maintenance Organization Business of

Cox Health Systems HMO, Inc.
NAIC #95530

MISSOURI EXAMINATION #1308-20-TGT

NAIC EXAM TRACKING SYSTEM #MO341-M119

January 27, 2017

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FOREWORD

This is a targeted market conduct examination report of Cox Health Systems HMO, Inc., (NAIC #95530). This examination was conducted at the offices of the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP).

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures, products or files does not constitute approval thereof by the DIFP.

During this examination, the examiners cited errors made by the Company. Statutory citations were as of the examination period unless otherwise noted.

When used in this report:

- “Company” refers to Cox Health Systems HMO, Inc.;
- “CSR” refers to the Missouri Code of State Regulations;
- “Department “ or “DIFP” refers to the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- “Director” refers to the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- “HMO” refers to a Health Maintenance Organization;
- “NAIC” refers to the National Association of Insurance Commissioners;
- “RSMo” refers to the Revised Statutes of Missouri. All citations are to RSMo 2000, unless otherwise specified.

SCOPE OF EXAMINATION

The DIFP has authority to conduct this examination pursuant to, but not limited to, §§354.465.1, 374.110, 374.190, 374.205, 375.938, and 375.1009, RSMo.

The purpose of this examination was to determine if the Company complied with Missouri statutes and DIFP regulations and to consider whether the Company's operations are consistent with the public interest. The primary period covered by this review is January 1, 2010, through December 31, 2012, unless otherwise noted. Errors outside of this time period discovered during the course of the examination, however, may also be included in the report.

The examination was a targeted examination involving the following business functions and lines of business: claims handling and the handling of complaints for HMO health benefit plan coverage.

The examination was conducted in accordance with the standards in the NAIC's *Market Regulation Handbook*. As such, the examiners utilized the benchmark error rate guidelines from the *Market Regulation Handbook* when conducting reviews that applied a general business practice standard. The NAIC benchmark error rate for claims practices is seven percent (7%) and for other trade practices is ten percent (10%). Error rates exceeding these benchmarks are presumed to indicate a general business practice. The benchmark error rates were not utilized, however, for reviews not applying the general business practice standard.

In performing this examination, the examiners reviewed some of the Company's practices, procedures, products and files. Therefore, some noncompliant practices, procedures, products and files may not have been discovered. As such, this report may not fully reflect all of the practices and procedures of the Company. As indicated previously, failure to identify or criticize improper or noncompliant business practices in this state or other jurisdictions does not constitute acceptance of such practices.

COMPANY PROFILE

Cox Health Systems HMO, Inc. was incorporated in the state of Missouri on April 2, 1996, as a for-profit corporation. The Company was issued a certificate of authority as a health maintenance organization under Chapter 354, RSMo, on October 24, 1996, and commenced business on January 1, 1997.

At incorporation, the Company was owned 50% by Cox Health Systems (CHS), Springfield, Missouri and 50% by Freeman Hospitals and Health System (Freeman), Joplin, Missouri. Effective January 1, 2001, CHS purchased the stock held by Freeman and became the sole stockholder.

The Company's original name of Cox-Freeman Health Plans, Inc. was changed to Cox Health Systems HMO, Inc. by amendment to the articles of incorporation on July 28, 2000.

The Company's service area during the examination period consisted of the Missouri counties of Barry, Barton, Cedar, Christian, Dade, Dallas, Douglas, Greene, Hickory, Howell, Jasper, Laclede, Lawrence, McDonald, Newton, Oregon, Ozark, Polk, Shannon, Stone, Taney, Texas, Vernon, Webster, and Wright.

Subsequent to the examination period, the Company converted to a nonprofit corporation effective January 1, 2015.

EXECUTIVE SUMMARY

The DIFP conducted a targeted market conduct examination of Cox Health Systems HMO, Inc. In a review of five complaints sent to the Department and 29 complaints sent directly to the Company, the examiners found no areas of concern.

EXAMINATION FINDINGS

I. COMPLAINTS

This section of the report is designed to provide a review of the Company's complaint handling practices. Included within this review are complaints termed "grievances" or "appeals" under Missouri's utilization review statutes in §§376.1350 to 376.1389, RSMo and Supp. 2013. The examiners reviewed how the Company handled complaints to ensure it was performing according to its own guidelines and Missouri statutes and regulations. In this review, the examiners also attempted to identify issues indicating possible market conduct trends that would necessitate further examination into other areas of the Company's operations and/or practices within the scope of the examination warrant.

Sections 375.936(3) and 376.1375, RSMo, and regulations 20 CSR 400-7.110 and 20 CSR 100-8.040(3)(D) require HMOs to maintain a registry of all written complaints, grievances and appeals received. The registry must include all Missouri complaints, including those sent to the DIFP and those sent directly to the Company.

The examiners verified the Company's complaint registry for the period January 1, 2010, through December 31, 2012. The registry contained 34 complaint cases. Twenty-nine of the complaints were received directly from members or providers, and five complaints were received from the Department. The examiners requested copies of the complaint files for all 34 complaints and reviewed the files for compliance. The review consisted of a review of the nature of each complaint, the disposition of the complaint, and the time taken to process the complaint as required by §§375.936(3) and 376.1375, RSMo, and regulations 20 CSR 400-7.110 and 20 CSR 100-8.040(3)(D).

A. Complaints Sent Directly to the Company

The examiners reviewed the files for the 29 complaints the Company received directly from members or providers in calendar years 2010 through 2012. The examiners noted no issues of concern in the review.

B. DIFP Consumer Complaints

The examiners reviewed the files for the five complaints the Company received from the Department in calendar years 2010 through 2012. The examiners noted no issues of concern in the review.

II. CRITICISM AND FORMAL REQUEST TIME STUDY

This study is based upon the time required by the Company to provide the examiners with the requested material or to respond to criticisms. Missouri law requires companies to respond to criticisms and formal requests within 10 calendar days unless an extension of time is requested and granted. Please note that in the event an extension was requested by the company and granted by the examiners, the response was deemed timely if it was received within the time frame granted by the examiners. If the response was not received within that time period, the response was not considered timely.

A. Criticism Time Study

<u>Calendar Days</u>	<u>Number of Criticisms</u>	<u>Percentage</u>
Received w/in time-limit, incl. any extensions	0	N/A
Received outside time-limit, incl. any extensions	0	N/A
<u>No Response</u>	<u>0</u>	<u>N/A</u>
Total	0	N/A

B. Formal Request Time Study

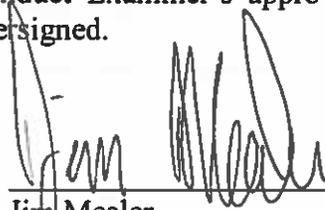
<u>Calendar Days</u>	<u>Number of Requests</u>	<u>Percentage</u>
Received w/in time-limit, incl. any extensions	4	100%
Received outside time-limit, incl. any extensions	0	N/A
<u>No Response</u>	<u>0</u>	<u>N/A</u>
Total	4	100.00%

EXAMINATION REPORT SUBMISSION

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of Cox Health Systems HMO, Inc. (NAIC #956530), Examination Number 1308-20-TGT. This examination was conducted by Bunlue Ushupun, JD, CIE, Examiner-in-Charge, John Clubb, CIE, Walter Guller, CIE, Randy Kemp, CIE, and Donald Wilson, CIE. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated December 13, 2016. Any changes from the text of the Market Conduct Examiner's Draft Report reflected in this Final Report were made by the Chief Market Conduct Examiner or with the Chief Market Conduct Examiner's approval. This Final Report has been reviewed and approved by the undersigned.

1/27/17

Date



Jim Mealer
Chief Market Conduct Examiner