CDI Examiner_____
Coleen Vandepas (EIC), *Associate Insurance Compliance Officer*
Towanda David, *Supervising Insurance Compliance Officer*

Company Response (*attach separate sheet, if necessary)*:

To provide the paid claims spreadsheet at the level of detail requested, the data was pulled by claim line item. Only through reporting at the claim line level can the level of claim detail that the CDI requested be provided.

This method of reporting provides interest payment on an individual line; other individual lines for the same claim would not capture interest payment. This is the reason it appeared as though interest had not been paid on claims over 45 days on certain claims.

It is also the reason why it appears that some claims show "net payment" and "interest payment" as the same amount. The "net payment" column only shows the net payment for that claim line, not for the entire claim. For a single claim, one of its claim line items will show that the "net payment" for that line is the amount of the interest payment, while another line item for the same claim will have a different "net payment."

For claims where interest was paid when the claim had been processed within 45 days, services were provided in another state, even though the member has a PHLIC plan. Interest guidelines for each state vary.

Lastly, it was determined that incorrect received dates were provided in the original paid claims spreadsheet. The Company provided a new paid claims data spreadsheet with correct received dates to the CDI on August 23, 2007.

Regarding whether the paid claims spreadsheet, all of the claims that were "re-worked" were included.

X

Company Representative FRANCIS OREJUDOS

Title PROJECT MANAGER, REG AFFAIRS

Date 8/28/07

FIELD CLAIMS BUREAU EXAMINATION REFERRAL

California Department of Insurance
Company: PacifiCare Life and Health Insurance Company
Sample: Group Paid Claims
Date: August 18, 2007

GENERAL INQUIRY

Entry #: 1-TD

Question/Issue (s): Spreadsheet Data submitted by PLHIC for Claims Paid/Finalized (Reference Claims Questionnaire 1b)

The paid claims data spreadsheet provided to the CDI on July 9, 2007 indicates over two million (2,513,991) paid claims within the window period of 6/23/06 – 5/31/07. In reviewing the data, we note the following inconsistency:

- Spreadsheet shows zero interest payments where claims were paid over 45 days from receipt of proof of claim
- Interest payments issued when payment was made less than 45 days from receipt of proof of claim
- Some columns show "net payment" and "interest payment" as the same amount

Per follow-up verbal discussion, the Company indicates that the inconsistency is due to how the data was reported - by line item. Please provide a written explanation of "line item" data and how it was utilized to provide the list of group paid claims within the window period.

Also, advise whether the group paid claims spreadsheet during the window period included all of the claims that were "re-worked".

Due to the claims volume, the Company was asked to self-report the number of claims paid over 45 days. We received data in "Access" and "Text" formats indicating a total of 207 claims that were paid late. However, as indicated above, the data received is inconsistent.

In order to gain a better understanding of the data received, please provide payment claim history (including all associated documents) on the following five randomly selected group paid claims:

Claim Wkst	Provider #	Patient Name	Received Date	Paid Date	Interest
18562521-01	84048269	RomeroClopton ,Deborah	6/26/06	8/10/06	Zero
14609836-02	621762537	Zack, Solomon	5/23/06	6/29/06	$2493.61
17374775-02	3305557	Kaufman, Marla	5/15/06	7/01/06	Zero
14741180-03	951644042	Hernandez, Louie	6/13/06	8/01/06	Zero
17027739-01	941156621	Rivas, Maria	9/01/06	9/06/06	$1054.73

CDI Examiner_____
Coleen Vandepas (EIC), *Associate Insurance Compliance Officer*
Towanda David, *Supervising Insurance Compliance Officer*

Company Response (*attach separate sheet, if necessary)*:

Company Representative_____

Title_____

Date_____