June 18, 2015

Mr. Peter Tassinari
UnitedHealthcare Insurance Company
185 Asylum Street
Hartford, CT 06103-3408

Subject: Docket Number #14-00286-COMP - EX

Dear Mr. Tassinari:

In accordance with Code Section 59A-4-11, enclosed is the adopted Report of Examination for UnitedHealthcare Insurance Company.

The adopted report will be kept on file with the Insurance Division and will be made available for public inspection.

Code Section 59A-4-12 provides that when the report is made available for public inspection the Chief Executive Officer or President of the company shall cause to be delivered to each member of the examinee’s board of directors a copy of this report and its recommendations approved by the Superintendent of Insurance. The officer certifies to the effect that the report or summary has been so delivered shall be deemed to constitute proof that the contents was delivered. Please let me know by email that the directors have received a copy of this report.

If you should have any questions in this matter, please contact me.

Sincerely,

Mark Jordan
Chief Examiner
mark.jordan@state.nm.us

Enclosures

cc: John Franchini, Superintendent of Insurance
    Certified Mail No. 7006 2150 0005 7081 4985
    Return Receipt Requested
I, John Franchini, Superintendent of Insurance of the State of New Mexico, 
do hereby certify that the attached Report of Examination for the period 
ending March 31, 2015 on:

UnitedHealthcare Insurance Company 
185 Asylum Street 
Hartford, CT 06103-3408 

Docket Number #14-00286-COMP-EX

Was recently completed by Mr. Max Vega, Market Conduct Supervising 
Examiner with the Insurance Division.

Due consideration has been given to the comments of the Examiner regarding 
the financial condition and business affairs as reflected in this report.

The report as of this date is hereby adopted, filed and made an official 
record of the Division of Insurance.

IN WITNESS WHEREOF, I have 
hereunto set my official seal 
on the 18th day of June A.D. 2015

Superintendent of Insurance
THE STATE OF NEW MEXICO

OFFICE OF THE SUPERINTENDENT OF INSURANCE

TARGET MARKET CONDUCT EXAMINATION REPORT OF UnitedHealthcare Insurance Company

AS OF

March 31, 2015

NAIC COMPANY CODE: 79413
## Contents

- **FOREWORD** .................................................................................................................. 3
- **SCOPE AND PURPOSE OF THE EXAMINATION** .................................................. 4
- **Profile** ......................................................................................................................... 4
  - Company History ........................................................................................................... 4
  - Affiliated Companies ..................................................................................................... 5
  - Jurisdiction .................................................................................................................... 6
  - Premium Volume ........................................................................................................... 6
  - Major Lines of Business ................................................................................................. 6
- **Overview of Student Health Insurance Structure** ...................................................... 6
- **How Students Sign-up & Receive Coverage** ............................................................... 7
- **Enrollment Process - New Mexico State University (NMSU)** ..................................... 8
- **Enrollment Process St. John's College** ..................................................................... 9
- **EXECUTIVE SUMMARY** ............................................................................................ 9
- **Pertinent Factual Information** .................................................................................... 10
- **Summarization** ........................................................................................................... 11
- **Recommendations** ...................................................................................................... 11
- **Appendix #1 Top 30 Insurers by Total Premium in New Mexico** ............................ 13
- **CONCLUSION** ............................................................................................................ 14
March 30, 2015

The Honorable John Franchini  
Superintendent of Insurance  
State of New Mexico  
1120 Paseo de Peralta  
Santa Fe, NM 87501

Honorable Superintendent:

On December 9, 2014, the Superintendent of Insurance for the State of New Mexico issued an Order for Examination. The Superintendent determined that a Target Market Conduct Examination ("Examination") of UNITEDHEALTHCARE INSURANCE COMPANY ("Respondent "), student insurance plans should be conducted pursuant to NMSA 1978 §59A-4-5.

UnitedHealthcare Insurance Company hereinafter, will be referred to as UHC or the Company. The Office of the Superintendent will be referred to as the OSI.

FOREWORD

The report is written in a “report by exception” format. The report does not present a comprehensive overview of the subject insurer’s practices. The report contains a summary of pertinent information about the lines of business examined, details of the non-compliant or problematic activities that were discovered during the course of the examination and the insurer’s proposals for correcting the deficiencies. All unacceptable or non-compliant activities may not have been discovered. Failure to identify, comment upon or criticize non-compliant practices in this state or other jurisdictions does not constitute acceptance of such practices.

Alleged violations identified in this report, any criticisms of practices and the Company’s
responses, if any, have not undergone a formal administrative or judicial process.

SCOPE AND PURPOSE OF THE EXAMINATION

This examination is conducted under the statutory authority of Section NMSA 1978 §59A-4-5. The examination covers the period December 9, 2014 through March 31, 2015 for the 2014-2015 academic year.

The purpose of the examination is to determine if the Company is in compliance with Underwriting and Rating Standards as determined by the NAIC Market Regulation Handbook. Underwriting and Rating Standard 5 affirms that, “All forms including contracts, riders, endorsement forms and certificates are filed with the insurance department, if applicable.”

Documents to be reviewed for compliance include the applicable New Mexico insurance code statutes, New Mexico bulletins and the NAIC Market Regulation Handbook.

The preferred NAIC Market Regulation Handbook Review procedures and criteria are to “Determine if the forms and endorsements have been filed. Where required determine that either prior approval has been obtained or that applicable waiting periods following the filing have been met.”

The applicable insurance code statutes for the State of New Mexico are:

59A-18-12. Filing of forms and classifications; review of effect upon insured.


The area to be covered in this examination is the Company’s underwriting specifically Standard 5 of the NAIC Market Regulation Handbook.

Profile

Company History

UnitedHealth Group Inc. is a diversified managed health care company headquartered in Minnetonka, Minnesota, U.S. It is No. 14 on Fortune magazine's top 500 companies in the United States. UnitedHealth Group offers a spectrum of products and services through two operating businesses: UnitedHealthcare and Optum. Through its family of subsidiaries and divisions, UnitedHealth Group serves approximately 70 million individuals nationwide. In 2011, the company posted net earnings of $5.142 billion.
UnitedHealth Group is the parent of UnitedHealthcare, the largest single health carrier in the United States. It was created in 1977, as UnitedHealthCare Corporation (it was renamed in 1998), but traces its origin to a firm it acquired in 1977, Charter Med Incorporated, which was founded in 1974. In 1979, it introduced the first network-based health plan for seniors. In 1984, it became a publicly traded company.

Affiliated Companies

UnitedHealth Group has many affiliates including the following.

UnitedHealth Group Incorporated:
- UnitedHealthcare Insurance Company
- UnitedHealthcare Insurance Company of Illinois
- UnitedHealthcare Insurance Company of New York
- Unimerica Insurance Company
- Unimerica Life Insurance Company of New York
- Golden Rule Insurance Company
- MAMSI Life and Health Insurance Company
- MD-Individual Practice Association, Inc.
- Optimum Choice, Inc.
- Oxford Health Insurance, Incorporated
- Oxford Health Plans (CT), Inc.
- Oxford Health Plans (NJ), Inc.
- Oxford Health Plans (NY), Inc.
- UnitedHealthcare of Alabama, Inc.
- UnitedHealthcare of Arkansas, Inc.
- UnitedHealthcare of Florida, Inc.
- UnitedHealthcare of Georgia, Inc.
- UnitedHealthcare of Illinois, Inc.
- UnitedHealthcare of the Midlands, Inc.
- UnitedHealthcare of the Midwest, Inc.
- UnitedHealthcare of New England, Inc.
- UnitedHealthcare of Ohio, Inc.
- UnitedHealthcare of North Carolina, Inc.
- UnitedHealthcare of New York, Inc.
- UnitedHealthcare of Wisconsin, Inc.
- UnitedHealthcare Life Insurance Company
- PacifiCare Life and Health Insurance Company
- PacifiCare of Arizona, Inc.
- All Savers Insurance Company
- UHC of California
- PacifiCare of Colorado, Inc.
- PacifiCare of Nevada, Inc.
- UnitedHealthcare of Oklahoma, Inc.
- UnitedHealthcare of Oregon, Inc.
- UnitedHealthcare Benefits of Texas, Inc.
- UnitedHealthcare of Washington, Inc.
- UnitedHealthcare of Arizona, Inc.
- UnitedHealthcare of Colorado, Inc.
- UnitedHealthcare of Kentucky, Ltd.
- UnitedHealthcare of Louisiana, Inc.
- UnitedHealthcare of the Mid-Atlantic, Inc.
- UnitedHealthcare of Texas, Inc.
- UnitedHealthcare of Utah
- UnitedHealthcare Plan of the River Valley, Inc.
- UnitedHealthcare Insurance Company of the River Valley
- UnitedHealthcare of Mississippi, Inc.
- Health Plan of Nevada, Inc.
- Sierra Health and Life Insurance Company, Inc.
- Physicians Health Choice of Texas, Inc.
- AmeriChoice of New Jersey, Inc.
- UnitedHealthcare Community Plan Inc.
- UnitedHealthcare of Pennsylvania, Inc.
- UnitedHealthcare Community Plan of Ohio, Inc.

**Jurisdiction**
The Company is licensed in 49 states.

**Premium Volume**
As of September 30, 2014 the Company had direct business in the State of New Mexico of $206,673,401.

The Company premium for Life Insurance premium was $578,811 and $206,094,590 for accident and health insurance premiums.

**Major Lines of Business**
The company’s major line of business is accident and health insurance. It sold over a billion dollars in seven individual states in 2014.

Market Share Comparison

See Appendix #1

**Overview of Student Health Insurance Structure**
Company leadership presented the Company’s Student Resources Eligibility & Enrollment Overview as follows:

In most states, Student Health Insurance has been historically filed with the State as either a group or a blanket product, despite being classified as individual coverage under the ACA.
• This difference has been specifically recognized and allowed by CMS (Federal Register, Volume 77, No. 55, page 16458, March 21, 2012).

• “States may continue to regulate student health insurance coverage as a form of group or blanket health insurance, provided these standards do not prevent the application of the relevant individual market provisions of the PHS Act.”

• Student Health Insurance has been filed in New Mexico for many years as blanket health insurance in accordance with N.M.S.A. §59A-23-2, and this is how the St. John’s College and New Mexico State University policies were set up for the 2014-2015 academic year.

• Providing Student Health Insurance Coverage as blanket/group coverage essentially means that the master policy is issued to the school and then each covered student receives identical coverage (including benefits, deductibles, coinsurance, etc.) based on the terms of the master policy.

• The relevant school itself may request specific benefits in the plan structure to cover all students: however, there is not an opportunity for similarly-situated students to request or receive any customization or variation in plan structure.

• Levels for different classes of students. For example, graduate students may be covered by a different policy form (with different benefits and cost-sharing provisions) than international students.

• Under this blanket/group health insurance structure, the policyholder application is received from the school. No applications are received from the students that are covered under the policy because they are not the policyholder.

How Students Sign-up & Receive Coverage

• There are typically 3 methods through which a student may receive coverage.

• Inclusion on a list provided by the school to the insurer (most common for UnitedHealthcare policies and what UHC refers to as “list enrollment”).

• The student may sign up for coverage directly with the insurance
company or their agent through an on-line enrollment process (what UHC refers to as “direct enrollment”).

- The student may fill out a paper enrollment form, which is usually submitted to the school or agent and then forwarded to UnitedHealthcare. Because this method of enrollment is also generally received from the school, UHC classifies it as list enrollment for internal purposes.

- Because the list enrollment method is the most-common method through which students in New Mexico received their coverage in the 2014-2015 academic policy year, UHC wanted to provide some additional details.

- The school will generally begin collecting required information for enrolling students and, if applicable, premium well before the beginning of the academic year (which is typically in August).

- However, the school will hold this information and not process it until after the add/drop period which is generally after the 13th day of class because students must be enrolled for a certain number of class hours to be eligible for coverage.

- Once this period has elapsed, the school will then begin to forward the information for all of the students who meet eligibility requirements, which may take up to a few weeks.

- UHC does not, therefore, typically start receiving enrollment files from the schools until the second or third week of September.

- However, coverage is effective on the first day of the academic policy year in August.

**Enrollment Process- New Mexico State University (NMSU)**

- The information on how and where to enroll is provided directly by UnitedHealthcare to the school to share with the students. In this case, the flyer (coverage summary document) was included in the school’s enrollment packet.

- Most students are enrolled through lists forwarded by NMSU. Lists are sent from the school in various formats - txt, email, excel file or paper.

- Direct enrollment is available via the UHCSR Online Enrollment System.
• Note that the date of the data file reflects the date the school created the file, not the date the student enrolled.

**Enrollment Process St. John’s College**

• The school is a satellite school for a college in MD. The school sets up an early enrollment site using an online tool UnitedHealthcare furnishes that collects enrollment demographic information.

• The information on how and where to enroll is provided by UnitedHealthcare to the broker, who then provides the information to the school, which then communicates the information to the students.

• The conversion date referred to in the enrollment samples reviewed is the date that open enrollment closes.

• Following the conversion date, the school approves and submits the relevant information for the converted students to UnitedHealthcare.

**EXECUTIVE SUMMARY**

The principal area of concern was that the Company sold insurance through its student insurance programs at New Mexico State University and St. John’s College without getting approval of its insurance policies from the OSI. The Company did submit its policies for approval on three separate occasions. The Company’s policies were not approved.

While the submission and rejection scenario was in progress the Company did insure students at both schools. The Company insured 1,108 students. This action created a violation of New Mexico Statutes Annotated Sections §59A-18-12, and §59A-18-13.

The OSI also issued a cease and desist letter to the Company on September 16, 2014. The examiner was tasked with determining whether policies had been written after that date. The policy for St. John’s College – Santa Fe was effective August 21, 2014 and the policy for NMSU was effective August 16, 2014. Both of the policies were effective before the cease and desist order was issued. The Company did not violate the cease and desist order but did fail to get two (2) policy forms approved prior to using them as part of the policies issued to NMSU and St. John’s College – Santa Fe.
Pertinent Factual Information

1. The OSI reviewed the Student Health Care policy forms submitted by the Company for use in the state of New Mexico. The forms were not approved on three separate occasions by OSI.

2. The examiner was tasked with determining how many policies were sold and how much premium the Company received for those policies.
   - The examiner asked the Company to provide a list of all the insurance coverage’s it wrote regarding the two student health policies issued to NMSU and St. John’s College – Santa Fe to determine the scope of its writings and premium volume.
   - Two (2) blanket health insurance policies were issued for the 2014-2015 academic year, one to NMSU and one to St. John’s College – Santa Fe, as defined by New Mexico Statutes Annotated § 59A-23-2 (3). As of January 2015, the Company provided coverage to 973 NMSU students and collected $812,608 in premium for this policy. The Company provided coverage to 135 students at St. John’s College-in Santa Fe and collected $191,892 in premium for this policy.

3. The examiner was tasked with determining the existence of the policies noted above.
   - The examiner was also tasked with determining the accuracy of the amount of premium received by the company.
   - Rather than test 100 percent of the population the examiner opted to test a sample of the coverages for NMSU and St. John’s College – Santa Fe. The sample was picked from the population provided by the Company, using sampling techniques from the NAIC Financial Condition Examiners Handbook.
   - The sampling and testing of student coverage for NMSU and St. John’s College – Santa Fe was conducted at the offices of the Company at 2301 W. Plano Parkway, Suite 300 in Plano, Texas on March 3, 2015.
   - The examiner was able to verify that the coverages did exist for all of the students in the sample for NMSU and St. John’s College – Santa Fe.
   - The examiner was also able to verify that the company recorded the coverages in its eligibility and claims systems.
Summarization

The Company is in violation of the New Mexico Insurance Code noted below:

59A-18-12. Filing of forms and classifications; review of effect upon insured.
An insurance policy, health care plan or annuity contract shall not be delivered or issued for
delivery in this state, nor shall an assumption certificate, endorsement, rider or application
that becomes a part of a policy or health care plan be used, until a copy of the form and the
classification of risks pertaining to the policy or health care plan has been filed with the
superintendent.

A. All health insurance or health care plan rates filed by an insurer with the
superintendent pursuant to Section 59A-18-12 NMSA 1978 shall include all related forms.
B. An insurer shall not use a rate without prior approval of the superintendent
pursuant to Section 6 [59A-18-13.3 NMSA 1978] of this 2011 act and compliance with the
provisions of that act.


A. With policy, endorsement, rider and application forms and
classification of risks filed by the insurer with the superintendent
under Section 59A-18-12 NMSA 1978 as to health insurance and
health care plans, the insurer shall also file with the superintendent
its rates applicable to such health insurance forms. An insurer shall
not use any form that has not been approved by the superintendent
or that is not in effect in accordance with Section 59A-18-14 NMSA
1978.
B. All filings submitted pursuant to this section shall be filed
electronically. The superintendent may designate an entity to receive
the electronic filings submitted pursuant to this section.

Recommendations

- It is recommended that the Superintendent consider using his discretion and authority to
issue a fine to the Company under the authority granted by the following code section.
The size and severity of the fine, if any is in the Superintendent’s sole authority and
discretion to determine. The Superintendent is within his statutory authority to issue
fines to the full extent of the law.
• It is recommended that the Company and the OSI meet to resolve the issues concerning the student policy form approvals for future periods.


A. Unless the same is defined as a felony under any other law of this state or punishment therefor classifies it otherwise, every violation of the Insurance Code is a petty misdemeanor punishable by a fine not to exceed five hundred dollars ($500).

B. Where other monetary penalty is not expressly provided for, an administrative penalty may be assessed for violations of the Insurance Code. The administrative penalty shall be not over five thousand dollars ($5,000) for each violation, except that if the violation is to be found willful and intentional, the penalty may be up to ten thousand dollars ($10,000) for each violation. Every administrative penalty shall be imposed by written order of the superintendent made after hearing held as provided in Chapter 59A, Article 4, NMSA 1978.

C. A monetary penalty imposed may be additional to any applicable suspension, revocation or denial of a license or certificate of authority.

D. In addition to the authority of the insurance department to bring an action to recover statutory fines and assessments, the insurance department may bring civil actions for penalties in sums not to exceed the criminal fine for each violation of the Insurance Code, in lieu of criminal prosecution.

E. The penalties contained in Subsections A through D of this section shall be in addition to any other penalty provided by law.

### Appendix #1 Top 30 Insurers by Total Premium in New Mexico

**Accident and Health Insurance Industry**  
**Property/Casualty, Life/Health, Fraternal and Health Insurers**  
**NAIC Market Share Report As Of June 23, 2014**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Group Code</th>
<th>Company/Group</th>
<th>Direct Earned Premium</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>481</td>
<td>PRESBYTERIAN HLTHCARE SERV</td>
<td>1,311,361,290</td>
<td>25.13%</td>
</tr>
<tr>
<td>2</td>
<td>707</td>
<td>UNITEDHEALTH GRP</td>
<td>960,547,886</td>
<td>18.41%</td>
</tr>
<tr>
<td>3</td>
<td>3679</td>
<td>ARDENT HLTH SERV GRP</td>
<td>718,533,490</td>
<td>13.77%</td>
</tr>
<tr>
<td>4</td>
<td>917</td>
<td>HCSC GRP</td>
<td>644,346,264</td>
<td>12.35%</td>
</tr>
<tr>
<td>5</td>
<td>671</td>
<td>WELLPOINT INC GRP</td>
<td>493,896,180</td>
<td>9.47%</td>
</tr>
<tr>
<td>6</td>
<td>1531</td>
<td>MOLINA HEALTHCARE INC GRP</td>
<td>492,131,681</td>
<td>9.43%</td>
</tr>
<tr>
<td>7</td>
<td>119</td>
<td>HUMANA GRP</td>
<td>124,245,184</td>
<td>2.38%</td>
</tr>
<tr>
<td>8</td>
<td>477</td>
<td>RENAISSANCE HLTH SERV CORP</td>
<td>39,281,825</td>
<td>0.75%</td>
</tr>
<tr>
<td>9</td>
<td>1</td>
<td>AETNA GRP</td>
<td>34,742,973</td>
<td>0.67%</td>
</tr>
<tr>
<td>10</td>
<td>370</td>
<td>AFLAC GRP</td>
<td>29,261,190</td>
<td>0.56%</td>
</tr>
<tr>
<td>11</td>
<td>4667</td>
<td>CVS CAREMARK GRP</td>
<td>28,368,863</td>
<td>0.54%</td>
</tr>
<tr>
<td>12</td>
<td>241</td>
<td>METROPOLITAN GRP</td>
<td>27,026,797</td>
<td>0.52%</td>
</tr>
<tr>
<td>13</td>
<td>901</td>
<td>CIGNA HLTH GRP</td>
<td>26,488,350</td>
<td>0.51%</td>
</tr>
<tr>
<td>14</td>
<td>812</td>
<td>HIGHMARK GRP</td>
<td>23,474,037</td>
<td>0.45%</td>
</tr>
<tr>
<td>15</td>
<td>565</td>
<td>UNUMPROVIDENT CORP GRP</td>
<td>20,963,861</td>
<td>0.40%</td>
</tr>
<tr>
<td>16</td>
<td>261</td>
<td>MUTUAL OF OMAHA GRP</td>
<td>16,069,857</td>
<td>0.31%</td>
</tr>
<tr>
<td>17</td>
<td>91</td>
<td>HARTFORD FIRE &amp; CAS GRP</td>
<td>15,165,313</td>
<td>0.29%</td>
</tr>
<tr>
<td>18</td>
<td>4011</td>
<td>GENWORTH FIN GRP</td>
<td>13,027,886</td>
<td>0.25%</td>
</tr>
<tr>
<td>19</td>
<td>290</td>
<td>LIBERTY NATL GRP</td>
<td>10,195,798</td>
<td>0.20%</td>
</tr>
<tr>
<td>20</td>
<td>12</td>
<td>AMERICAN INTL GRP</td>
<td>10,013,619</td>
<td>0.19%</td>
</tr>
<tr>
<td>21</td>
<td>468</td>
<td>AEGON US HOLDING GRP</td>
<td>8,690,073</td>
<td>0.17%</td>
</tr>
<tr>
<td>22</td>
<td>1189</td>
<td>VISION SERV PLAN GRP</td>
<td>8,649,938</td>
<td>0.17%</td>
</tr>
<tr>
<td>23</td>
<td>1348</td>
<td>STANCORP FIN GRP</td>
<td>8,137,600</td>
<td>0.16%</td>
</tr>
<tr>
<td>24</td>
<td>904</td>
<td>JOHN HANCOCK GRP</td>
<td>8,024,091</td>
<td>0.15%</td>
</tr>
<tr>
<td>25</td>
<td>661</td>
<td>BCBS OF SC GRP</td>
<td>6,472,080</td>
<td>0.12%</td>
</tr>
<tr>
<td>26</td>
<td>8</td>
<td>ALLSTATE INS GRP</td>
<td>6,274,065</td>
<td>0.12%</td>
</tr>
<tr>
<td>27</td>
<td>176</td>
<td>STATE FARM GRP</td>
<td>6,159,977</td>
<td>0.12%</td>
</tr>
<tr>
<td>28</td>
<td>860</td>
<td>NORTHWESTERN MUT GRP</td>
<td>5,775,719</td>
<td>0.11%</td>
</tr>
<tr>
<td>29</td>
<td>20</td>
<td>LINCOLN NATL GRP</td>
<td>5,738,140</td>
<td>0.11%</td>
</tr>
<tr>
<td>30</td>
<td>330</td>
<td>AMERICAN FIDELITY CORP GRP</td>
<td>5,244,626</td>
<td>0.10%</td>
</tr>
</tbody>
</table>
CONCLUSION

The courtesy, assistance and cooperation extended by the officers and employees of the Company and the employees of the Office of the Superintendent during the course of this examination are greatly appreciated.

Respectfully submitted,

Max Vega
Max Vega, CFE, CIE, MCM
Examiner-in-Charge
Office of the Superintendent of Insurance State of New Mexico