

**DELAWARE DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION REPORT**

HIGHMARK BCBSD, INC.

As of

September 30, 2023

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

I, Trinidad Navarro, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of September 30, 2023 on

HIGHMARK BCBSD INC.

is a true and correct copy of the document filed with this Department.

Attest By: _____



In Witness Whereof, I have hereunto set my hand
and affixed the official seal of this Department at the
City of Dover, this 3rd day of October, 2024.

Trinidad Navarro
Insurance Commissioner

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF THE
HIGHMARK BCBSD INC.
AS OF
September 30, 2023

The above-captioned Report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted and filed as an official record of this Department.



In Witness Whereof, I have hereunto set my hand
and affixed the official seal of this Department at the
City of Dover, this 3rd day of October, 2024.



Trinidad Navarro
Insurance Commissioner

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Honorable Trinidad Navarro
Insurance Commissioner
State of Delaware
1351 West North Street
Suite 101
Dover, Delaware 19904

Dear Commissioner Navarro:

In compliance with the instructions contained in Examination Authority Number 53287-23-621 and pursuant to statutory provisions including 18 *Del C.* §§ 318-322, a Market Conduct Desk Examination has been conducted of the affairs and practices of:

Highmark BCBSD, Inc.

The examination was performed as of September 30, 2023.

The examination was conducted off-site, performed at the offices of the Delaware Department of Insurance, hereinafter referred to as the Department or DOI, or other suitable locations.

The report of examination herein is respectfully submitted.

SCOPE OF EXAMINATION

The Market Conduct Examination of Highmark BCBSD, Inc., hereinafter referred to as the Company or Highmark, was conducted pursuant to the authority granted by 18 *Del. C.* §§ 318 – 322. The purpose of the examination was to determine compliance by the Company with applicable Delaware laws and regulations specifically regarding volunteer ambulance companies' claims reimbursement per 18 *Del. C.* § 3349A and 18 *Del. C.* § 3565A. This review was conducted through multiple interrogatories and a desk review of Company-provided documents, pursuant to 18 *Del. C.* § 318. The period of review is from January 1, 2021, through September 30, 2023.

METHODOLOGY

This examination was performed in accordance with Market Regulation standards established by the Department and examination procedures suggested by the NAIC. While examiners report on the errors found in individual files, the examiners also focus on general business practices of the Company.

The Company was requested to identify the universe of files for each segment of the review. Based on the universe sizes identified, random sampling was utilized to select the files reviewed for this examination.

Delaware Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. An exception is any instance of Company activity that does not comply with an insurance statute, regulation, or bulletin. Exceptions contained in the Report may result in imposition of penalties.

AMBULANCE CLAIM HANDLING

The Department reviewed the Company's processes related to how it calculates allowable charges for volunteer ambulance services, how payments are processed, and reimbursements for supplies utilized by volunteer ambulance companies.

Highmark BCBSD, Inc. was requested to provide its claims procedures and reference materials in use in Delaware during the examination period of January 1, 2021, through September 30, 2023. The Company provided the requested documentation, which was reviewed to ensure compliance with the Department's statutes and regulations.

The following are the observations noted during the course of the examination:

- Highmark BCBSD, Inc. currently calculates the allowable charge for in-network ambulance companies at 100% of the Delaware rates contained in the CMS Ambulance Fee Schedule Public Use Files, and out-of-network volunteer ambulance companies

at 75% of the rates contained in the Delaware Corporate PPO Commercial Fee Schedule, which is not the same as the CMS Medicare Ambulance Fee Schedule Public Use Files.

- Highmark BCBSD, Inc. sends payment directly to the member if Highmark does not have a contract with the provider.
Of the universe of 6,688 claims, it was noted that 380 were paid to the subscriber and 16 were paid to a third party.
- The majority of the claims that were reported as paid \$0.0, either include CPT codes that are included in the base rate for ambulance services, therefore when these codes are billed separately, they are denied, or the allowable amount was equal to the deductible, less copayment, deductible, coinsurance, and other insurance amounts.
- The company rejected a total of 89 incorrectly. Each claim was submitted with an ambulance modifier of PH (physician's office to hospital). This means a patient presented symptoms at their physician's office and was transported to a hospital/facility. These claims were also filed as emergent care. For these reasons the Company should not have denied the claim.

EXCEPTIONS NOTED

396 Exceptions 18 Del. C. §§ 3349A & 3565A Required coverage for volunteer ambulance company services. *(d). . . "the allowable charge or the amount of payment to be made for an ambulance run and associated basic life support (BLS) services, the health insurer, health service corporation, health maintenance organization, or managed care organization **will pay directly to the volunteer ambulance company** the charge assessed by the volunteer ambulance company for the run and basic life support (BLS) services provided."*

From the period of January 1, 2021, through August 31, 2023, the Company paid 380 claims to subscribers and 16 claims to a third party.

89 Exceptions 18 Del. C. § 2304(16)d. *Refusing to pay claims without conducting a reasonable investigation based upon all available information.*

The Company rejected 89 claims incorrectly. Each claim was submitted with an ambulance modifier of PH (physician's office to hospital). This means a patient presented symptoms at their physician's office and was transported to a hospital/facility. These claims were also filed as emergency care. For these reasons, the Company should not have denied the claims.

CONCLUSION

The recommendations made below identify corrective measures the Department finds necessary as a result of the Exceptions noted in the Report.


- It is recommended the Company update their policies and procedures to ensure payment directly to the volunteer ambulance companies of Delaware in accordance with 18 *Del. C.* §§ 3349A & 3565A.
- It is recommended the Company update their policies and procedures to ensure ambulance services claims are reviewed in their entirety, specifically regarding the use of modifiers.

The examination was conducted by Susanna Stevens and Tanya Sherman.



Tanya Sherman
Examiner-in-Charge
Market Conduct
Delaware Department of Insurance

I, Tanya Sherman, hereby verify and attest, under oath, that the above is a true and correct copy of the examination report and findings of the market conduct examination submitted to the Delaware Department of Insurance pursuant to examination authority Number 53287-23-621.



Tanya Sherman