

REPORT ON
TARGET MARKET CONDUCT EXAMINATION
OF
ANTHEM HEALTH PLANS OF VIRGINIA, INC.
AS OF DECEMBER 31, 2021

Conducted from
June 7, 2022
Through
August 18, 2023

By

Market Conduct Section
Life and Health Market Regulation
Division
BUREAU OF INSURANCE
STATE CORPORATION COMMISSION
COMMONWEALTH OF VIRGINIA

FEIN: 54-0357120
NAIC: 71835

COMMONWEALTH OF VIRGINIA



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I, Janay Brown, Principal Insurance Market Examiner of the Bureau of Insurance (Bureau), do hereby certify that the attached copy of the Target Market Conduct Examination Report of Anthem Health Plans of Virginia, Inc. (Company) as of December 31, 2021, conducted at the Company's Home Office in Richmond, VA is a true copy of the original Report on file with the Bureau and also includes a true copy of the Company's response to the findings set forth therein, and of the Bureau's review letters and the State Corporation Commission's Order in Case No. INS-2024-00045 finalizing the Report.

IN WITNESS WHEREOF, I have
hereunto set my hand and affixed
the official seal of the Bureau at
the City of Richmond, Virginia,
this 1st day of July, 2024.

Janay Brown
Examiner in Charge

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I. PURPOSE & SCOPE OF EXAMINATION

The Target Market Conduct Examination of Anthem Health Plans of Virginia, Inc. (“Anthem” or “the Company”) was conducted under the authority of [§ 38.2-1317.1 of the Code of Virginia](#) (“the Code”).

The examination included a detailed review of Anthem’s fully-insured individual, small group, and large group comprehensive major medical, dental and vision coverage for the period beginning January 1, 2021, through December 31, 2021.

A previous market conduct examination of Anthem covering the period of July 1, 2015, through December 31, 2015, concluded on December 6, 2018. Anthem made a monetary settlement offer which was accepted by the State Corporation Commission on April 13, 2020, in Case No. INS-2020-00047. Anthem agreed to comply with the corrective action plan contained in the examination report.

Although Anthem had agreed after the previous examination to change its practices to comply with the Code and regulations, the current examination revealed violations that were also noted in the previous report. Therefore, in some instances Anthem knowingly violated certain sections of the Code and regulations. Section 38.2-218 of the Code sets forth the penalties that may be imposed for knowing violations.

The purpose of this examination was to determine compliance with Virginia insurance statutes and regulations and to determine that the Company’s operations were consistent with public interest. The examiners followed internal procedures that are based on the NAIC Market Regulation Handbook to perform this examination.

The examiners may not have discovered every unacceptable or non-compliant activity in which the Company is engaged. Failure to identify, comment on, or criticize specific Company practices in Virginia or in other jurisdictions does not constitute acceptance of such practices.

All instances of non-compliance identified during this examination are noted in this report. Examples referred to in this report are keyed to the numbers of the examiners' review sheets furnished to Anthem during the examination. Anthem was given the opportunity to respond to each finding in this report.

The report includes corrective action items and recommendations for the Company to address. The Company is required to take corrective action when restitution is owed to Virginia consumers or providers, a general business practice is established, or an issue was identified where additional controls must be put in place to ensure compliance going forward. The examiners may decide to make a recommendation instead of a corrective action when non-compliance did not occur with such frequency as to indicate a general

business practice but the Company should review its current processes, procedures, and operations to ensure compliance in the future.

II. EXECUTIVE SUMMARY

This Report contains 144 violations and 26 instances of non-compliance. Some issues of significant concern include:

Provider Contracts: 65 violations were noted during the Provider Contracts review for the failure to include or comply with required provisions

- Failure to produce copies of the complete provider contracts when requested
- Failure to amend its provider contracts to include the provisions required by § 38.2-3407.15 B of the Code
- Violation of the settlement order issued in Case No INS-2020-00047 that required Anthem to comply with the Corrective Action Plan from the previous examination Report

Provider Claims: 79 violations were noted during the Provider Claims review for failure to comply with required provisions

- Failure to pay claims in accordance with the provider contract's fee schedule
- Failure to ensure providers' addresses are updated correctly so as not to delay payment of claims
- Failure to ensure that previously authorized health care services are paid timely
- Failure to process retroactive denials within the lesser of 12 months or the timely filing limit specified in the contract
- Failure to correctly process claims for services involving modifiers resulting in delays in claim payments and mass adjustments
- Failure to process claims timely upon receipt of additional documentation, including coordination of benefits information, required for a clean claim

Claims: Although a comprehensive Claims review was not performed, 26 instances of non-compliance with the unfair claims settlement practices requirements of the Code were noted during the Provider Claims review, involving individual, small group, and large group comprehensive major medical claim

- Claims were underpaid or incorrectly denied during the initial processing despite all necessary information being submitted by the claimant, resulting in the failure to make a prompt, fair and equitable settlement
- Failure to provide EOBs within 21 calendar days
- Failure to pay claims in accordance with the provisions of the policy

A Corrective Action Plan (CAP) that must be implemented by Anthem will be established to address these issues and others discussed in the Report. Anthem will document completion of each CAP Item to the examiners.

III. COMPANY PROFILE

Anthem Health Plans of Virginia, Inc. is a wholly-owned subsidiary of Anthem Southeast, Inc. The Company was originally incorporated in the Commonwealth of Virginia in 1935. Anthem was authorized to transact the business of accident and sickness insurance in Virginia in 1991.

The table below shows the Company's premium volume and approximate market share in Virginia during the year 2021 for the lines of insurance included in this examination.*

YEAR AND LINE	PREMIUM VOLUME	MARKET SHARE
2021 Individual Accident & Health	771,396,535	17.10%
2021 Group Accident & Health	1,721,087,074	18.84%

* Source: The 2021 Annual Statements on file with the National Association of Insurance Commissioners

IV. STATISTICAL SUMMARY

The files selected for the review were chosen by random and stratified sampling of the populations provided by the Company. The relationship between population and sample is shown in the table below.

The details of the errors are explained in this Report. General business practices may or may not be reflected by the number of errors shown in the summary.

Area	Population	Samples	Files with Errors	Error Ratio
Provider Contracts	54,006	19	11	57.89%
Provider Claims- Paid	12,170	177	31	17.51%
Provider Claims- Denied	1,782	161	14	8.70%

Claims-Paid	12,170	177	14	7.91%
Claims-Denied	1,782	161	7	4.35%

V. PROVIDER CONTRACTS REVIEW

The examiners reviewed each sample provider contract to determine compliance with various requirements, including but not limited to the following:

- § 38.2-510 A 15 of the Code
- § 38.2-3407.15 of the Code
- § 38.2-3407.15:1 of the Code
- § 38.2-3407.15:2 of the Code

FINDINGS: ETHICS & FAIRNESS IN CARRIER BUSINESS PRACTICES

Issue: The Company failed to include required provider contract provisions.

Finding: The review revealed 50 violations of the subdivisions of [§ 38.2-3407.15 B of the Code](#). This was determined to be a general business practice under [§ 38.2-510 A 15 of the Code](#).

Discussion: The provision, number of violations, and Review Sheet examples are referred to in the following table:

Code Section	Number of Violations	Review Sheet Example
§ 38.2-3407.15 B 1	1	PC02BW-AN
§ 38.2-3407.15 B 2	1	PC02BW-AN
§ 38.2-3407.15 B 3	1	PC02BW-AN
§ 38.2-3407.15 B 4	2	PC02BW-AN
§ 38.2-3407.15 B 5	2	PC02BW-AN
§ 38.2-3407.15 B 6	1	PC02BW-AN
§ 38.2-3407.15 B 7	9	PC03BW-AN
§ 38.2-3407.15 B 8	9	PC03BW-AN
§ 38.2-3407.15 B 9	12	PC03BW-AN
§ 38.2-3407.15 B 10	9	PC03BW-AN
§ 38.2-3407.15 B 11	1	PC02BW-AN
§ 38.2-3407.15 B 12	1	PC02BW-AN
§ 38.2-3407.15 B 13	1	PC02BW-AN

Corrective Action: Anthem will amend its provider contracts to include the provisions required by § 38.2-3407.15 B of the Code and take steps to ensure any required updates are included going forward. Anthem will remove existing language that weakens the

protections of the required provisions and refrain from including any such language in the future.

Please note that specific examples of violations included in the chart above are provided below for clarification.

Issue: The Company failed to provide complete copies of contracts.

Finding: The review revealed 1 violation each of [§§ 38.2-3407.15 B 1](#), [38.2-3407.15 B 2](#), [38.2-3407.15 B 3](#), [38.2-3407.15 B 4](#), [38.2-3407.15 B 5](#), [38.2-3407.15 B 6](#), [38.2-3407.15 B 7](#), [38.2-3407.15 B 8](#), [38.2-3407.15 B 9](#), [38.2-3407.15 B 10](#), [38.2-3407.15 B 11](#), [38.2-3407.15 B 12](#), and [38.2-3407.15 B 13](#) of the Code. The violations of these sections, with the exception of [§§ 38.2-3407.15 B 6](#), [38.2-3407.15 B 12](#), and [38.2-3407.15 B 13 of the Code](#), are considered knowing violations.

Discussion: Anthem failed to produce a copy of a signed provider contract for the sampled provider. Although Anthem eventually obtained a replacement contract signed after the examination time frame, Anthem was unable to locate the original signature page and contract documents. Therefore, the documents provided to the examiners did not substantiate that a signed provider contract containing all of the provisions required by the Code was in force during the examination time frame, and the contract was cited for violating the required provisions. This is discussed in Review Sheet PC02BW-AN.

Corrective Action: Anthem will take steps to ensure that all of its provider contracts are in writing and that records of all contracts are kept and provided to the examiners when requested, to document compliance with § 38.2-3407.15 B of the Code.

Issue: Anthem included language in its contracts that does not comply with the required provisions.

Finding: The review revealed 7 violations each of [§§ 38.2-3407.15 B 7](#), [38.2-3407.15 B 8](#), [38.2-3407.15 B 9](#), and [38.2-3407.15 B 10 of the Code](#).

Discussion: The examiners identified contract language indicating that Anthem knowingly reserved the right to change allowed amounts at any time, which may result in underpayment of fee schedule allowed amounts. This process involves the potential for imposing retroactive denials beyond the period allowed by the Code and changing allowed amounts without properly amending the contract and providing required notice of amendment under the Code, resulting in violations of §§ 38.2-3407.15 B 7,

38.2-3407.15 B 8, 38.2-3407.15 B 9, and 38.2-3407.15 B 10 of the Code. This is discussed in Review Sheet PC03BW-AN

Corrective Action: Anthem will take steps to ensure that the same or similar language that is discussed in PC03BW-AN is removed from existing provider contracts and is not in future provider contracts.

Issue: Anthem included language in its provider contract that conflicted with the provisions required by §§ 38.2-3407.15 B 7 and 38.2-3407.15 B 8 of the Code.

Finding: The review revealed 1 violation each of [§ 38.2-3407.15 B 7](#) and [38.2-3407.15 B 8 of the Code](#).

Discussion: The provider contract included language under “Adjustments for Incorrect Payments” which indicated that Anthem could recover overpayments through remittance advice or other recovery action within 2 years of the erroneous claim payment, in violation of the Code. This is discussed in Review Sheet PC02BW-HK-AN.

Corrective Action: Anthem will take steps to ensure that the same or similar language that is discussed in PC02BW-HK-AN is removed from its existing provider contracts and is not in future provider contracts.

Issue: Anthem failed to ensure that the fee schedule used to pay claims was included in or attached to the contract and that required notice was provided for any amendments.

Finding: The review revealed 4 violations of [§ 38.2-3407.15 B 9 of the Code](#). These are considered knowing violations.

Discussion: The provider contract included language that conflicts with the requirements of the Code. The removal of such language was specifically included as part of a corrective action item in the previous report. Also, some amendments were signed in 2021, over a year after the order was issued from the prior examination report that contained the corrective action items. This is discussed in Review Sheet PC04BW-AN.

Corrective Action: Anthem will remove all language inhibiting the provider’s ability to ensure that claims are paid in accordance with the fee schedule, that is the same or similar to the language discussed in PC04BW-AN, from its provider contracts and immediately cease including such language in provider contracts, as required by §§ 38.2-3407.15 B 1 and 38.2-3407.15 B 9 of the Code, and as indicated in the previous order from Case # INS-2020-00047.

Issue: Anthem included language in its provider contract that conflicted with the provision required by § 38.2-3407.15 B 10 of the Code.

Finding: The review revealed 1 violation of [§ 38.2-3407.15 B 10 of the Code](#).

Discussion: The provider contract included language that conflicts with the requirement that the carrier notify the provider in advance of any amendments to the provider contract (or to any addenda, schedule, exhibits or policy). The language indicates that Anthem will only provide prior notification of changes that do not have a material financial impact, in violation of the Code. In addition, the language created an arbitration-like process that could potentially inhibit the provider's ability to terminate the contract. This is discussed in Review Sheet PC01BW-HK-AN.

Corrective Action: Anthem will remove the same or similar language discussed in PC01BW-HK-AN from its existing provider contracts and immediately cease including such language in provider contracts, as required by § 38.2-3407.15 B 10 of the Code.

FINDINGS: REQUIRED PROVISIONS IN CARRIER CONTRACTS REGARDING PRIOR AUTHORIZATION

Issue: The Company failed to include required provider contract provisions.

Finding: The review revealed 15 violations of the subdivisions of [§ 38.2-3407.15:2 B of the Code](#).

Discussion: The provision, number of violations, and Review Sheet examples are referred to in the following table:

Code Section	Number of Violations	Review Sheet Example
§ 38.2-3407.15:2 B 1	1	PC02BW-AN
§ 38.2-3407.15:2 B 2	2	PC04AL-AN
§ 38.2-3407.15:2 B 3	1	PC02BW-AN
§ 38.2-3407.15:2 B 4	1	PC02BW-AN
§ 38.2-3407.15:2 B 5	1	PC02BW-AN
§ 38.2-3407.15:2 B 6	1	PC02BW-AN
§ 38.2-3407.15:2 B 7	1	PC02BW-AN
§ 38.2-3407.15:2 B 8	1	PC02BW-AN
§ 38.2-3407.15:2 B 9	1	PC02BW-AN
§ 38.2-3407.15:2 B 10	1	PC02BW-AN
§ 38.2-3407.15:2 B 11	1	PC02BW-AN
§ 38.2-3407.15:2 B 12	1	PC02BW-AN

§ 38.2-3407.15:2 B 13	1	PC02BW-AN
§ 38.2-3407.15:2 B 14	1	PC02BW-AN

Corrective Action: Anthem will amend its provider contracts to include the provisions required by § 38.2-3407.15:2 B of the Code and take steps to ensure any required updates are included going forward.

VI. PROVIDER CLAIMS REVIEW

The examiners reviewed each sample provider claim processed under the sample contract to determine compliance with various requirements, including but not limited to the following:

- § 38.2-510 A 15 of the Code
- § 38.2-3407.15 of the Code
- § 38.2-3407.15:1 of the Code
- § 38.2-3407.15:2 of the Code

FINDINGS: ETHICS & FAIRNESS IN CARRIER BUSINESS PRACTICES

Issue: The Company failed to pay claims in accordance with the required contract provisions.

Finding: The review revealed 79 violations of [§ 38.2-3407.15 B of the Code](#). This was determined to be a general business practice under [§ 38.2-510 A 15 of the Code](#).

Discussion: The provision, number of violations, and review sheet examples are referred to in the following table:

Code Section	Number of Violations	Review Sheet Example
§ 38.2-3407.15 B 1	32	PCCL03AS-AN
§ 38.2-3407.15 B 2	11	PCCL04AS-AN
§ 38.2-3407.15 B 3	14	PCCL03AS-AN
§ 38.2-3407.15 B 5	4	PCCL13AS-AN
§ 38.2-3407.15 B 7	5	PCCL16AS-AN
§ 38.2-3407.15 B 8	2	PCCL11JA-AN
§ 38.2-3407.1 B	11	PCCL05AS-AN

Corrective Actions:

- Anthem will take steps to ensure claims are processed and paid in accordance with the required provisions, as required by § 38.2-3407.15 B of the Code.

- AntwaQ2121hem will take steps to ensure that the fee schedule used to pay claims is incorporated into the contract and that required notice is provided for any amendments, as required by §§ 38.2-3407.15 B 9 and 38.2-3407.15 B 10 of the Code.

Please note that specific examples of violations included in the chart above are provided below for clarification.

Issue: The Company failed to pay claims in accordance with the fee schedule. The Company failed to pay claims within 40 days of receipt.

Finding: The review revealed 32 violations of [§ 38.2-3407.15 B 1 of the Code](#). These are considered knowing violations.

Discussion: Anthem failed to properly pay providers within 40 days of receipt of a claim due to incorrect provider information in its systems. For example, Anthem did not load the provider specialty code correctly resulting in the denial of sampled claims. This led to the original claims being “deleted” according to system notes. The claims remained untouched for long periods of time. From initial receipt of the claim to when the claim was settled, it took at least 200 days to process each sample claim with this issue. Anthem indicated that an isolated human error resulted in the continued rejection of some claims. This example is discussed in Review Sheet PCCL04AS-AN.

Anthem’s claim reimbursement was not based on the fee schedule that was attached at the time the contract was presented to the provider for execution. This example is discussed in Review Sheet PC01AS-AN.

Anthem failed to properly pay providers within 40 days of receipt of additional documentation. For example, medical records were received on October 30, 2021. The records were reviewed, and the claim was adjusted on December 15, 2021. This example is discussed in Review Sheet PCCL08AS-AN.

Anthem failed to properly pay providers within 40 days of receipt of receipt of a claim. For example, the claim was received on January 15, 2021, and the claim was paid on March 8, 2021. This example is discussed in Review Sheet PCCL09AS-AN.

Corrective Actions:

- Anthem will take steps to ensure that provider information, such as addresses and specialty codes, is updated correctly so as not to delay payment of claims, as required by § 38.2-3407.15 B 1 of the Code.

- Anthem will take steps to ensure claims are paid in accordance with the fee schedule attached at the time it is presented to the provider for execution, as required by §§ 38.2-3407.15 B 1 and 38.2-3407.15 B 9 of the Code.
- Anthem will adjust and pay claims discussed in Review Sheets PCCL02JA-AN, PCCL04JA-AN, PCCL05JA-AN, PCCL08JA- AN and PCCL07LK-AN and pay them at the contracted rate for all services rendered along with statutory interest owed on the underpaid portion. Include with each check, an explanation stating that “As a result of a Target Market Conduct Examination by the Virginia State Corporation Commission’s Bureau of Insurance, it was determined that this claim was underpaid.”

Issue: The Company failed, within 30 days after receipt of a claim, to request electronically or in writing from the provider the information and documentation that the carrier reasonably believes will be required to process and pay the claim or to determine if the claim is a clean claim.

Finding: The review revealed 11 violations of [§ 38.2-3407.15 B 2 of the Code](#).

Discussion: For example, a claim was received on January 27, 2020, and additional documentation related to coordination of benefits was not requested until the provider remittance dated March 24, 2021. This example is discussed in Review Sheet PCCL15AS-AN.

Corrective Action: Anthem will take steps to ensure that all information and documentation needed to determine if the claim is a clean claim is requested within 30 days of receipt of the claim, as required by § 38.2-3407.15 B 2 of the Code.

Issue: The Company failed to pay required interest on claims.

Finding: The review revealed 14 violations of [§ 38.2-3407.15 B 3 of the Code](#). The review revealed 11 violations of § 38.2-3407.1 B of the Code. These are considered knowing violations.

Discussion: Anthem failed to pay interest, paid less interest than required by the statute, and failed to pay interest owed within 60 days after the claim was paid. An example is discussed in Review Sheet PCCL03AS-AN.

Corrective Action: Anthem will review and consider for re-adjudication all paid claims that took greater than 15 working days to pay for the years of 2021, 2022, 2023 and the

current year and make interest payments where necessary, as required by § 38.2-3407.15 of the Code. This should include the claims discussed in Review Sheets PCCL03AS- AN, PCCL05AS-AN, PCCL06AS-AN, PCCL08AS-AN, PCCL03JA- AN, PCCL01LG-AN, PCCL07LG-AN, PCCL08LG-AN, PCCL10LG- AN, PCCL14LG-AN, PCCL18LG-AN, PCCL07LK-AN.

Issue: The Company failed to pay claims the carrier had previously authorized.

Finding: The review revealed 4 violations of [§ 38.2-3407.15 B 5 of the Code](#).

Discussion: Although prior authorizations were obtained and prior authorization numbers were listed on the claim forms, claims were incorrectly denied. An example is discussed in Review Sheet PCCL13AS-AN.

Corrective Action: Anthem will take steps to ensure that previously authorized health care services are paid, as required by § 38.2-3407.15 B 5 of the Code.

Issue: The Company failed to process retroactive denials within the required time frame of the lesser of 12 months or the timely filing limit specified in the contract, as required by § 38.2-3407.15 B 7 of the Code.

Finding: The review revealed 5 violations of [§ 38.2-3407.15 B 7 of the Code](#).

Discussion: Anthem performed a retroactive denial outside the time frame allowed by the Code, which is the lesser of 12 months or the timely filing limit specified in the contract. A sample claim from a provider with a 90-day timely filing limit was paid and retroactively denied more than 90 days after Anthem made the payment. This example is discussed in Review Sheet PCCL20LG-AN

In another instance, a sample claim was paid on October 18, 2020, and the recoupment was processed 521 days later on March 25, 2022. The recoupment was a retroactive denial that was processed after the 90 days allowed by § 38.2-3407.15 B 7(iii) of the Code. In addition, the remit contained negative amounts and written remarks that indicated that this claim was retroactively denied, and future payments were then and/or in the future being reduced. The remark reads: "OUR RECORDS INDICATE YOUR ACCOUNT HAS BEEN OVERPAID AND THEREFORE, NO PAYMENT FROM ANTHEM BLUE CROSS AND BLUE SHIELD IS DUE AT THIS TIME. ANY FUTURE CLAIM PAYMENTS WILL BE REDUCED UNTIL THIS OVERPAYMENT IS RECOVERED." Anthem failed to provide documentation to support that the claims were paid and future payments were not reduced. Further, the wording on this provider remit clearly indicating that future claim payments will be reduced is in violation of the

provider contract provision required by the Code. Therefore, even if Anthem failed to actually reduce future payments on this particular claim, the examiners would find this remark code on the provider remit to be in violation of the Code because it is informing the provider that Anthem will take an action that is in violation of the Code. This example is discussed in Review Sheet PCCL16AS-AN.

Additionally, a sample claim was initially paid and then payment was later retracted after the allowed time frame. Furthermore, the message on the retraction stated that the “claim should be billed with the appropriate modifiers for these services” for procedure code 72141, even though no modifier was needed for payment. This example is discussed in Review Sheet PCCL11JA-AN.

Anthem failed to notify a provider at least 30 days in advance of a retroactive denial of a claim. This example is discussed in PCCL04LK-AN.

Corrective Action: The examiners noted that Anthem often relied on retroactive denials and requesting refunds from providers months or years after claims were originally submitted to ensure that claims were processed correctly and with correct reimbursement amounts which resulted in claims that were not promptly, fairly, and equitably settled during the exam time frame. Anthem will take steps to ensure it complies with the requirement that retroactive denials (including those performed during vendor audits) must be processed no later than 12 months or the lesser of the timely filing limit, as required by § 38.2-3407.15 B 7 of the Code. Also, Anthem will take steps to ensure that providers are not able to give consent for retroactive denials performed after the specified time frame in the Code. Letters requesting overpayments from providers after the specified time frame are not acceptable if language concerning reducing future payments is included.

Issue: The Company failed to provide written communication that contained an explanation of why the claim is being retroactively adjusted.

Finding: The review revealed 2 violations of [§ 38.2-3407.15 B 8 of the Code](#).

Discussion: Anthem failed to specify in writing why the claim was being retroactively adjusted. An example is discussed in Review Sheet PCCL11JA-AN.

Corrective Action: Anthem will take steps to ensure that written communications contain an explanation of why the claim is being retroactively adjusted, and that explanation will accurately reflect the action taken on a claim, as required by § 38.2-3407.15 B 8 of the Code.

VII. CLAIMS REVIEW

Although a comprehensive Claims review involving the unfair claims settlement practices requirements of the Code was not performed, several instances of non-compliance were revealed during the Provider Claims review. The findings are outlined below.

FINDINGS: MEDICAL CLAIMS

Issue: The Company did not attempt in good faith to make prompt, fair and equitable settlements of claims in which liability has become reasonably clear.

Finding: The review revealed 17 instances of non-compliance with [§ 38.2-510 A 6 of the Code](#).

Discussion: For example, a claim was received on August 7, 2020, and paid on August 10, 2020. On February 8, 2021, the claim was adjusted due to incorrect member responsibility being applied on the initial claim processing. This example is discussed in Review Sheet CL02AS-AN

Corrective Action: Anthem will take steps to ensure that it makes prompt, fair and equitable settlements of claims in which liability has become reasonably clear, as required by § 38.2-510 A 6 of the Code.

Issue: The Company unreasonably refused to pay claims in accordance with the provisions of the policy.

Finding: The review revealed 2 instances of non-compliance with [14 VAC 5-400-70 E](#).

Discussion: For example, a claim for services performed at an outpatient facility was processed with a copay rather than the 20% coinsurance indicated in the policy. This example is discussed in Review Sheet CL02JA-AN.

Corrective Action: Anthem will take steps to ensure that it pays claims in accordance with the provisions of the policy, as required by 14 VAC 5-400-70 E. Anthem will reopen and re-adjudicate, as necessary, the claims discussed in Review Sheets CL02JA-AN and CL03AS-AN to pay in accordance with the provisions of the policy and provide the examiners with documentation of any remediation.

Issue: The Company failed to provide to the insured an EOB describing the coverage for which the claim is paid or denied within 21 calendar days of receipt of proof of loss.

Finding: The review revealed 6 instances of non-compliance with [14 VAC 5 400-100 B](#).

Discussion: Anthem failed to provide its EOBs within 21 days. An example is discussed in Review Sheet CL01AS-AN.

Corrective Action: Anthem will take steps to ensure that it provides to the insured an EOB describing the coverage for which the claim is paid or denied within 21 calendar days of receipt of proof of loss, unless otherwise specified in the policy, as required by 14 VAC 5-400-100 B.

Issue: The Company arbitrarily and unreasonably denied and delayed payment of a claim in which liability had become reasonably clear.

Finding: The review revealed 1 instance of non-compliance with [14 VAC 5-400-100 D](#).

Discussion: This claim was received on March 2, 2021, and denied on March 4, 2021, with Anthem requesting COB information. Anthem's system indicated that confirmation of COB information was made via an outbound call on March 23, 2021. Final payment was made on June 9, 2021. System notes also show that the provider and member followed up with Anthem on multiple occasions between the receipt of the claim and the final payment of the claim, including after Anthem had updated its records. This is discussed in Review Sheet CL03AS-AN.

Recommendation: Anthem will take steps to ensure that it does not arbitrarily or unreasonably deny or delay payment of a claim in which liability has become reasonably clear, as required by 14 VAC 5-400-100 D.

VIII. OTHER CONCERNS IDENTIFIED

The examiners observed additional issues of concern that may not have been identified as violations during the examination reviews but have the potential to result in future violations. There were also some areas of concern identified where the Company indicated that it had already taken corrective action, and the examiners recommend the Company ensure that the steps taken are complete and effective. These items are discussed below.

Issue: Anthem indicated in its response to PCCLMEM01MZ-HK that the Company is only required to disclose 85% of billable services in the fee schedules in its contracts, as historically that has been the general range reasonably expected to be delivered on a routine basis.

Discussion: Section 38.2-3407.15 B 9 of the Code requires that the provider contract contain the fee schedule, reimbursement policy, or statement as to the manner in which claims will be calculated and paid that is applicable to the provider or to the range of

health care services reasonably expected to be delivered by that type of provider on a routine basis. There is no set percentage of applicable services that need to be included in the fee schedule. Each individual service must be evaluated to determine if it is reasonably expected to be delivered by that type of provider on a routine basis.

Recommendation: Anthem will take steps to ensure that, rather than a set percentage of services, the range of health care services reasonably expected to be delivered by that type of provider on a routine basis is included in the fee schedule attached to the contract, as required by § 38.2-3407.15 B 9 of the Code.

Issue: The Company failed to correctly process claims initially resulting in reprocessings and mass adjustments.

Discussion: The review revealed system errors for procedure codes and modifiers, as well as process deficiencies for COB macros.

Recommendations:

- Anthem will take steps to ensure that the system error related to procedure code 72141 has been fixed to process appropriately, including correctly denying when billed without a modifier and to not require modifier 26, as discussed in PCMEM02JB-HK-AN.
- Anthem will take steps to strengthen the COB macros in its system to promptly verify if a member has other coverage sooner than months after the receipt of proof of loss, which previously resulted in retroactive denials after 90 days.

IX. CORRECTIVE ACTION PLAN

Based on the findings stated in this Report, Anthem is required to implement the following Corrective Actions:

1. Anthem will amend its provider contracts to include the provisions required by § 38.2-3407.15 B of the Code and take steps to ensure any required updates are included going forward. Anthem will remove existing language that weakens the protections of the required provisions and refrain from including any such language in the future;
2. Anthem will take steps to ensure that all of its provider contracts are in writing and that records of all contracts are kept and provided to the examiners when requested, to document compliance with § 38.2-3407.15 B of the Code;

3. Anthem will take steps to ensure that the same or similar language that is discussed in PC03BW-AN is removed from existing provider contracts and is not in future provider contracts;
4. Anthem will take steps to ensure that the same or similar language that is discussed in PC02BW-HK-AN is removed from existing provider contracts and is not in future provider contracts;
5. Anthem will remove all language inhibiting the provider's ability to ensure that claims are paid in accordance with the fee schedule, that is the same or similar to the language discussed in PC04BW-AN, from its provider contracts and immediately cease including such language in provider contracts, as required by §§ 38.2-3407.15 B 1 and 38.2-3407.15 B 9 of the Code, and as indicated in the previous order from Case # INS-2020-00047;
6. Anthem will remove the same or similar language discussed in PC01BW-HK-AN from its existing provider contracts and immediately cease including such language in provider contracts, as required by § 38.2-3407.15 B 10 of the Code;
7. Anthem will amend its provider contracts to include the provisions required by § 38.2-3407.15:2 B of the Code and take steps to ensure any required updates are included going forward;
8. Anthem will take steps to ensure claims are processed and paid in accordance with the required provisions, as required by § 38.2-3407.15 B of the Code;
9. Anthem will take steps to ensure that the fee schedule used to pay claims is incorporated into the contract and that required notice is provided for any amendments, as required by §§ 38.2-3407.15 B 9 and 38.2-3407.15 B 10 of the Code;
10. Anthem will take steps to ensure that provider information, such as addresses and specialty codes, is updated correctly so as not to delay payment of claims, as required by § 38.2-3407.15 B 1 of the Code;
11. Anthem will take steps to ensure claims are paid in accordance with the fee schedule attached at the time it is presented to the provider for execution, as required by §§ 38.2-3407.15 B 1 and 38.2-3407.15 B 9 of the Code;
12. Anthem will adjust and pay claims discussed in Review Sheets PCCL02JA-AN, PCCL04JA-AN, PCCL05JA-AN, PCCL08JA-AN, and PCCL07LK-AN and pay them at the contracted rate for all services rendered along with statutory interest owed on the underpaid portion. Include with each check, an explanation stating that "As a result of a Target Market Conduct Examination

by the Virginia State Corporation Commission's Bureau of Insurance, it was determined that this claim was underpaid.”;

13. Anthem will take steps to ensure that all information and documentation needed to determine if the claim is a clean claim is requested within 30 days of receipt of the claim, as required by § 38.2-3407.15 B 2 of the Code;
14. Anthem will review and consider for re-adjudication all paid claims that took greater than 15 working days to pay for the years of 2021, 2022, 2023 and the current year and make interest payments where necessary, as required by § 38.2-3407.15 of the Code. This should include the claims discussed in Review Sheets PCCL03AS-AN, PCCL05AS-AN, PCCL06AS-AN, PCCL08AS-AN, PCCL03JA-AN, PCCL01LG-AN, PCCL07LG-AN, PCCL08LG-AN, PCCL10LG-AN, PCCL14LG-AN, PCCL18LG-AN, and PCCL07LK-AN;
15. Anthem will take steps to ensure that previously authorized health care services are paid, as required by § 38.2-3407.15 B 5 of the Code;
16. The examiners noted that Anthem often relied on retroactive denials and requesting refunds from providers months or years after claims were originally submitted to ensure that claims were processed correctly and with correct reimbursement amounts which resulted in claims that were not promptly, fairly, and equitably settled during the exam time frame. Anthem will take steps to ensure it complies with the requirement that retroactive denials (including those performed during vendor audits) must be processed no later than 12 months or the lesser of the timely filing limit, as required by § 38.2-3407.15 B 7 of the Code. Also, Anthem will take steps to ensure that providers are not able to give consent for retroactive denials performed after the specified time frame in the Code. Letters requesting overpayments from providers after the specified time frame are not acceptable if language concerning reducing future payments is included;
17. Anthem will take steps to ensure that written communications contain an explanation of why the claim is being retroactively adjusted, and that explanation will accurately reflect the action taken on a claim, as required by § 38.2-3407.15 B 8 of the Code;
18. Anthem will take steps to ensure that it makes prompt, fair and equitable settlements of claims in which liability has become reasonably clear, as required by § 38.2-510 A 6 of the Code;
19. Anthem will take steps to ensure that it pays claims in accordance with the provisions of the policy, as required by 14 VAC 5-400-70 E. Anthem will reopen

and re-adjudicate, as necessary, the claims discussed in Review Sheets CL02JA-AN and CL03AS-AN to pay in accordance with the provisions of the policy and provide the examiners with documentation of any remediation; and

20. Anthem will take steps to ensure that it provides to the insured an EOB describing the coverage for which the claim is paid or denied within 21 calendar days of receipt of proof of loss, unless otherwise specified in the policy, as required by 14 VAC 5-400-100 B.

Anthem shall provide a detailed outline of the steps that it will take to comply with each corrective action item listed above and propose a timeline for completion.

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X. ACKNOWLEDGMENT

The courteous cooperation extended to the examiners by Anthem's officers and employees during the course of this examination is gratefully acknowledged.

Janay Brown, MCM; Julie Atkins, MCM, AIRC, ALMI, AIE, APIR; Larry Gibson, MCM, PIR; Laura Klanian, AMCM, HIA, PHIAS; Adam Leathers, APIR, MCM; Amelia Steadman, MCM, PIR; Bryan Wachter, CIE, FLMI, AIRC, MCM; and Maria Zavala, MCM, of the Bureau of Insurance participated in the work of the examination and writing of the Report.

Respectfully submitted,



Bryan Wachter, CIE, FLMI, AIRC, MCM
BOI Manager, Market Conduct Section
Life and Health Market Regulation Division
Bureau of Insurance

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XI. AREA VIOLATIONS SUMMARY BY REVIEW SHEET

PROVIDER CONTRACTS
<i>Ethics & Fairness in Carrier Business Practices</i>
§ 38.2-3407.15 B 1, 1 violation, PC02BW-AN,
§ 38.2-3407.15 B 2, 1 violation, PC02BW-AN
§ 38.2-3407.15 B 3, 1 violation, PC02BW-AN
§ 38.2-3407.15 B 4, 2 violations, PC03AL-AN, PC02BW- AN
§ 38.2-3407.15 B 5, 2 violations, PC03AL-AN, PC02BW- AN
§ 38.2-3407.15 B 6, 1 violation, PC02BW-AN
§ 38.2-3407.15 B 7, 9 violations, PC02BW-AN, PC02BW-HK-AN, PC03BW-AN (7)
§ 38.2-3407.15 B 8, 9 violations, PC02BW-AN, PC02BW-HK-AN, PC03BW-AN (7)
§ 38.2-3407.15 B 9, 12 violations, PC02BW-AN, PC03BW-AN (7), PC04BW-AN (4)
§ 38.2-3407.15 B 10, 9 violations, PC01BW-HK-AN, PC02BW-AN, PC03BW-AN (7)
§ 38.2-3407.15 B 11, 1 violation, PC02BW-AN
§ 38.2-3407.15 B 12, 1 violation, PC02BW-AN
§ 38.2-3407.15 B 13, 1 violation, PC02BW-AN
<i>Required Provisions in Carrier Contracts Regarding Prior Authorization</i>
§ 38.2-3407.15:2 B 1, 1 violation, PC02BW-AN
§ 38.2-3407.15:2 B 2, 2 violations, PC04AL-AN, PC02BW-AN
§ 38.2-3407.15:2 B 3, 1 violation, PC02BW-AN
§ 38.2-3407.15:2 B 4, 1 violation, PC02BW-AN
§ 38.2-3407.15:2 B 5, 1 violation, PC02BW-AN
§ 38.2-3407.15:2 B 6, 1 violation, PC02BW-AN
§ 38.2-3407.15:2 B 7, 1 violation, PC02BW-AN
§ 38.2-3407.15:2 B 8, 1 violation, PC02BW-AN
§ 38.2-3407.15:2 B 9, 1 violation, PC02BW-AN
§ 38.2-3407.15:2 B 10, 1 violation, PC02BW-AN
§ 38.2-3407.15:2 B 11, 1 violation, PC02BW-AN
§ 38.2-3407.15:2 B 12, 1 violation, PC02BW-AN
§ 38.2-3407.15:2 B 13, 1 violation, PC02BW-AN
§ 38.2-3407.15:2 B 14, 1 violation, PC02BW-AN
PROVIDER CLAIMS
§ 38.2-3407.15 B 1, 32 violations, PC01AS-AN, PCCL04AS-AN (7), PCCL06AS-AN, PCCL08AS-AN, PCCL09AS-AN, PCCL12AS-AN, PCCL02JA-AN (3), PCCL04JA-AN (5), PCCL05JA-AN, PCCL08JA-AN, PCCL01LG-AN, PCCL03LG-AN, PCCL04LG-AN, PCCL09LG-AN, PCCL16LG-AN, PCCL17LG-AN, PCCL18LG-AN (3), PCCL07LK-AN
§ 38.2-3407.15 B 2, 11 violations, PCCL04AS-AN (7), PCCL15AS-AN, PCCL07LG- AN, PCCL08LG-AN, PCCL20LG-AN

<p>§ 38.2-3407.15 B 3, 14 violations, PCCL03AS-AN, PCCL05AS-AN, PCCL06AS-AN, PCCL08AS-AN, PCCL03JA-AN, PCCL01LG-AN, PCCL07LG-AN, PCCL08LG-AN, PCCL10LG-AN, PCCL14LG-AN, PCCL18LG-AN (3), PCCL07LK-AN</p>
<p>§ 38.2-3407.15 B 5, 4 violations, PCCL13AS-AN, PCCL16AS-AN, PCCL03JA-AN, PCCL05JA-AN</p>
<p>§ 38.2-3407.15 B 7, 5 violations, PCCL16AS-AN, PCCL11JA-AN, PCCL20LG-AN, PCCL03LK-AN, PCCL04LK-AN</p>
<p>§ 38.2-3407.15 B 8, 2 violations, PCCL11JA-AN, PCCL20LG-AN,</p>
<p>§ 38.2-3407.1 B, 11 violations, PCCL05AS-AN, PCCL08AS-AN, PCCL03JA-AN, PCCL01LG-AN, PCCL07LG-AN, PCCL08LG-AN, PCCL10LG-AN, PCCL18LG-AN (3), PCCL07LK-AN</p>
<p>CLAIM PRACTICES</p>
<p>§ 38.2-510 A 6, 17 instances of non-compliance, CL02AS-AN, CL07LK-AN (2), PCCL05AS-AN, PCCL10AS-AN, PCCL11AS-AN, PCCL15AS-AN, PCCL03JA-AN, PCCL07JA-AN, PCCL11JA-AN, PCCL02LG-AN, PCCL07LG-AN, PCCL08LG-AN, PCCL10LG-AN, PCCL12LG-AN, PCCL14LG-AN, PCCL15LG-AN</p>
<p>14 VAC 5-400-70 E, 2 instances of non-compliance, CL03AS-AN, CL02JA-AN</p>
<p>14 VAC 5-400-100 B, 6 instances of non-compliance, CL01AS-AN, CL03AS-AN, CL04AS-AN, CL07LK-AN (2), CL08LK-AN</p>
<p>14 VAC 5-400-100 D, 1 instance of non-compliance, CL03AS-AN</p>

COMMONWEALTH OF VIRGINIA



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December 12, 2023

SENT VIA ELECTRONIC MAIL

Kimberly Stevens
Compliance Director (VA)
Anthem Health Plans of Virginia, Inc.

RE: Market Conduct Examination Report
Exposure Draft

Dear Ms. Stevens:

Recently, the Bureau of Insurance conducted a Market Conduct Examination of Anthem Health Plans of Virginia, Inc. ("Anthem") for the period of January 1, 2021, through December 31, 2021. A preliminary draft of the Report is enclosed for your review.

Since it appears from a reading of the Report that there have been violations of Virginia Insurance Laws and Regulations on the part of Anthem, I would urge you to read the enclosed draft and furnish me with your written response within 30 days of the date of this letter. Please specify in your response those items with which you disagree, giving your specific reasons for disagreement and attach supporting documentation. Please do not include any personally identifiable information in the response.

For the corrective action items with which you agree, provide an outline of your intended method of compliance with each and a proposed timeline for completion in the response. If restitution payments are required to be made to insureds or providers, a spreadsheet will be provided to document those payments with all required details.

Please note that Anthem's response(s) to the draft Report will be attached to and become part of the final Report.

Once we have received and reviewed your response, we will respond noting any justified revisions to the Report and any areas where we maintained our position. At that time, we will request a detailed outline of Anthem's intended method of compliance with all corrective action items in the report and a timeline for completion.

Thank you for your prompt attention to this matter.

Yours truly,



Bryan Wachter
BOI Manager
Health Market Conduct Section
Life and Health Division
Bureau of Insurance
(804) 371-9745

BDW:mhh
Enclosure
cc: Julie Blauvelt

COPY



2015 Staples Mill Road
Richmond, VA 23230

VIA EMAIL TO: Bryan.Wachter@scc.virginia.gov
Julie.Blauvelt@scc.virginia.gov
Janay.Brown@scc.virginial.gov

January 19, 2024

Mr. Bryan Wachter
BOI Manager
Health Market Conduct Section
Life and Health Division
Bureau of Insurance
1300 East Main Street
Richmond, VA 23219

Re: Market Conduct Examination Report, Exposure Draft

Dear Mr. Wachter,

Enclosed you will find Anthem's response to the 2021 Market Conduct Examination Draft Report. Each corrective action has been addressed. Anthem will provide reference materials and supporting documentation as needed.

Please do not hesitate to contact me with any questions.

Sincerely,

Kimberly Stevens
Compliance Director
M: (804) 357-6393
Kimberly.Stevens@anthem.com

Enclosures

cc: Julie Blauvelt, Deputy Commissioner
Janay Brown, Senior Insurance Market Examiner

Anthem Blue Cross and Blue Shield is the trade name of Anthem Health Plans of Virginia, Inc. Anthem Blue Cross and Blue Shield, and its affiliate Anthem, Inc., are independent licensees of the Blue Cross Blue Shield Association. Anthem is a registered trademark of Anthem Insurance Companies, Inc.

**Target Market Conduct Examination
Response to Recommendations
Anthem Health Plans of Virginia**

Below, please find our responses to each of the recommendations in the draft report for Anthem Health Plans of Virginia.

1. Anthem will amend its provider contracts to include the provisions required by § 38.2-3407.15 B of the Code and take steps to ensure any required updates are included going forward. Anthem will remove existing language that weakens the protections of the required provisions and refrain from including any such language in the future;

Company Response:

Anthem disagrees with the allegation that, as a general business practice, it fails to include the provisions required by § 38.2-3407.15 B in its provider contracts. Further, Anthem continues to disagree with the alleged violations documented in Review Sheets PC01AL-AN and PC05AL-AN.

Anthem has a process in place to ensure that all provisions required by § 38.2-3407.15 B are included in its provider contracts and has validated that these provisions are included in standard contract templates used today. Anthem regrets that during the exam there was some confusion amongst newer associates on how to gather all documentation needed for the sampled providers and acknowledges that training opportunities exist.

Anthem agrees with the examiner's observations for Review Sheet PC03AL-AN, which were isolated to our intermediary EyeMed. EyeMed has already taken steps to remediate its contracts. Additionally, Anthem is taking steps to strengthen its oversight of EyeMed to ensure any required updates are made going forward.

Finally, Anthem will remove language from its provider contracts to address the examiner's concerns regarding weakening protections.

2. Anthem will take steps to ensure that all of its provider contracts are in writing and that records of all contracts are kept and provided to the examiners when requested, to document compliance with § 38.2-3407.15 B of the Code;

Company Response:

Anthem provider contracts are completed in writing and maintained in a secure location. Anthem acknowledges that training opportunities for its associates exist to more efficiently and thoroughly compile requested contract components. Anthem is in the process of creating a written process to ensure more uniformity in these efforts.

3. Anthem will remove all language the same or similar language to that discussed in PC03BW-AN from its existing provider contracts and immediately cease including such language in provider contracts, as required by §§ 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, and 38.2-3407.15 B 10 the Code;

Company Response:

While Anthem disagrees that its current provider contract language is in violation of statutory requirements, it will take steps to ensure that the same or similar language that is discussed in PC03BW-AN is revised going forward and in existing provider contracts upon renewal.

4. Anthem will take steps to ensure that the same or similar language that is discussed in PC02BW-HK-AN is removed from its existing provider contracts and is not in future provider contracts, as required by §§ 38.2-3407.15 B 7 and 38.2-3407.15 B 8 of the Code;

Company Response:

While Anthem disagrees that its current language is in violation of statutory requirements, it will take steps to ensure that the same or similar language that is discussed in PC02BW-HK-AN is removed from its existing provider contracts and is not in future provider contracts, as required by §§ 38.2-3407.15 B 7 and 38.2-3407.15 B 8 of the Code.

5. Anthem will remove all language inhibiting the provider's ability to ensure that claims are paid in accordance with the fee schedule, that is the same or similar to the language discussed in PC04BW-AN, from its provider contracts and immediately cease including such language in provider contracts, as required by §§ 38.2-3407.15 B 1 and 38.2-3407.15 B 9 of the Code, and as indicated in the previous Order from Case # INS-2020-00047;

Company Response:

As agreed to in the related corrective action plan required in the previous Order (Case No. INS-2020-00047), Anthem took steps to incorporate the updated/approved language for new providers and revised the language upon renewal for existing providers. However, Anthem acknowledges a few contracts were inadvertently overlooked and will make any necessary additional updates. It is important to note that Anthem has not enforced this language since June 2020.

6. Anthem will remove the same or similar language discussed in PC01BW- HK- AN from its existing provider contracts and immediately cease including such language in provider contracts, as required by § 38.2-3407.15 B 10 of the Code;

Company Response:

Regarding Review Sheet PC01BW-HK-AN, the examiner's concerns were specific to language a particular health system requires in its facility contracts. Anthem will approach the health system to request permission to revise the language.

7. Anthem will amend its provider contracts to include the provisions required by § 38.2-3407.15:2 B of the Code and take steps to ensure any required updates are included going forward;

Company Response:

Anthem does include all provisions required by § 38.2-3407.15:2 B in its provider contracts and continues to disagree with the alleged violations documented in Review Sheets PC01AL-AN and PC05AL-AN. Anthem regrets that during the exam there was some confusion amongst newer associates on how to gather the documentation needed for the sampled providers and acknowledges that training opportunities exist. As outlined in corrective action #2, Anthem is in the process of creating a written process to ensure more uniformity in these efforts. The alleged violations documented in Review Sheet PC04AL-AN were isolated to our intermediary, EyeMed. EyeMed has already taken steps to remediate its contracts. Additionally, Anthem is taking steps to strengthen its oversight of EyeMed to ensure any required updates are made going forward.

The alleged violations documented in Review Sheet PC02BW-AN were isolated to Anthem's dental contracts. Anthem will ensure any provider contracts executed by our Dental Team are amended to include the provisions required by § 38.2-3407.15:2 B of the Code and take steps to strengthen oversight to ensure any required updates are made going forward.

8. Anthem will take steps to ensure claims are processed and paid in accordance with the required provisions, as required by § 38.2-3407.15 B of the Code;

Company Response:

Anthem does take steps to ensure claims are processed and paid in accordance with the provisions required by § 38.2-3407.15 B and continuously looks at way to further enhance its procedures.

9. Anthem will take steps to ensure that the fee schedule used to pay claims is incorporated into the contract and that required notice is provided for any amendments, as required by §§ 38.2-3407.15 B 9 and 38.2-3407.15 B 10 of the Code;

Company Response:

Anthem acknowledges that specific low utilized CPT codes were not disclosed in the professional provider fee schedule exhibits during the exam period. However, effective March 1, 2023, Anthem included the full fee schedule used to pay claims in all its provider contracts as required by § 38.2-3407.15 B 9. Anthem is compliant with the notification requirements for amendments as required by § 38.2-3407.15 B 10. We do not modify fee schedules without appropriate amendment notification. Amendment notification is given at minimum 65 days in advance, but typically 105 days in advance. Amendment notifications are made by U.S. mail and electronic notification.

10. Anthem will take steps to ensure that provider information, such as addresses and specialty codes, is updated correctly so as not to delay payment of claims, as required by § 38.2-3407.15 B 1 of the Code;

Company Response:

Anthem continuously identifies and implements enhancements to its processes and procedures, including updating provider information, to ensure claims are processed and paid in accordance with § 38.2-3407.15 B 1.

11. Anthem will take steps to ensure claims are paid in accordance with the fee schedule attached at the time it is presented to the provider for execution, as required by §§ 38.2-3407.15 B 1 and 38.2-3407.15 B 9 of the Code;

Company Response:

Anthem will take steps to strengthen its procedures to ensure claims are paid in accordance with the fee schedule, as required by §§ 38.2-3407.15 B 1 and 38.2-3407.15 B 9 of the Code.

12. Anthem will adjust and pay claims discussed in Review Sheets PCCL02JA-AN, PCCL04JA-AN, PCCL05JA-AN, PCCL08JA-AN, and PCCL07LK-AN and pay them at the contracted rate for all services rendered along with statutory interest owed on the underpaid portion. Include with each check, an explanation stating that "As a result of a Target Market Conduct Examination by the Virginia State Corporation Commission's Bureau of Insurance, it was determined that this claim was underpaid.";

Company Response:

Anthem will review the claims discussed in the listed Review Sheets, make adjustments, and apply interest as required to correct any underpayments identified.

13. Anthem will take steps to ensure that all information and documentation needed to determine if the claim is a clean claim is requested within 30 days of receipt of the claim, as required by § 38.2-3407.15 B 2 of the Code;

Company Response:

Anthem has enhanced its processes and procedures for faster identification of missing information and documentation needed to make a claim clean, as well as requesting that information and documentation within 30 days. Additional improvements will continue to be made on an ongoing basis to maximize efficiency.

14. Anthem will review and consider for re-adjudication all paid claims that took greater than 30 calendar days to pay for the years of 2021, 2022 and the current year and make interest payments where necessary, as required by § 38.2-3407.15 of the Code. This should include the claims discussed in Review Sheets PCCL03AS-AN, PCCL05AS-AN, PCCL06AS-AN, PCCL08AS-AN, PCCL03JA-AN, PCCL01LG-AN, PCCL07LG-AN, PCCL08LG-AN, PCCL10LG-AN, PCCL14LG-AN, PCCL18LG-AN, and PCCL07LK-AN;

Company Response:

Anthem will review all paid claims that took longer than 30 calendar days from the receipt of proof of loss to the date of claim payment for the years of 2021, 2022 and the current year, including the claims discussed in the listed Review Sheets. Anthem will consider these claims for re-adjudication and apply required interest where necessary to ensure compliance.

15. Anthem will take steps to ensure that previously authorized health care services are paid, as required by § 38.2-3407.15 B 5 of the Code;

Company Response:

Anthem takes steps to ensure that previously authorized health care services are paid, as required by § 38.2-3407.15 B 5 of the Code. Three of the four violations identified by the examiners were associated with isolated incidents of human error and retraining has occurred as needed. Anthem continues to disagree with the alleged violation of § 38.2-3407.15 B 5 documented in Review Sheet PCCL16AS-AN.

16. The examiners noted that Anthem often relied on retroactive denials and requesting refunds from providers months or years after claims were originally submitted to ensure that claims were processed correctly and with correct reimbursement amounts which resulted in claims that were not promptly, fairly, and equitably settled during the exam time frame. Anthem will take steps to ensure it complies with the requirement that retroactive denials (including those performed during vendor audits) must be processed no later than 12 months or the lesser of the timely filing limit, as required by § 38.2-3407.15 B 7 of the Code. Also, Anthem will take steps to ensure that providers are not able to give consent for retroactive denials performed after the specified time frame in the Code. Letters requesting overpayments from providers after the specified time frame are not acceptable if language concerning reducing future payments is included;

Company Response:

While some valid violations were found during the exam, Anthem disagrees with the allegation that it often relied on retroactive denials and requesting refunds from providers months or years after claims were originally submitted.

Further, Anthem continues to disagree with the allegation that implied intent to reduce future payments to providers in its remits without an actual overpayment recovery equates to a violation of the § 38.2-3407.15 B 7. An example can be found in Review Sheet PCCL16AS-AN. However, Anthem has taken steps to revise the language in its provider remits to alleviate the examiner's concerns.

Finally, Anthem continues to disagree that statute does not allow carriers to recover an overpayment with consent from contracted providers. However, Anthem stopped allowing providers to grant permission in March 2023 to address the examiner's concerns.

17. Anthem will take steps to ensure that written communications contain an explanation of why the claim is being retroactively adjusted, and that explanation will accurately reflect the action taken on a claim, as required by § 38.2-3407.15 B 8 of the Code;

Company Response:

Anthem does take steps to ensure written communications contain an explanation of why the claim is being retroactively adjusted and the action taken on the claim as required by § 38.2-3407.15 B 8. The violations identified were associated with isolated incidents of human error. Anthem has provided retraining for its associates.

18. Anthem will take steps to ensure that it makes prompt, fair and equitable settlements of claims in which liability has become reasonably clear, as required by § 38.2-510 A 6 of the Code;

Company Response:

Anthem does take steps to ensure that it makes prompt, fair and equitable settlements of claims in which liability has become reasonably clear, as required by § 38.2-510 A 6 of the Code. The violations identified by the examiners were associated with isolated incidents of human error. Anthem is retraining associates as needed.

19. Anthem will take steps to ensure that it pays claims in accordance with the provisions of the policy, as required by 14 VAC 5-400-70 E. Anthem will reopen and re-adjudicate, as necessary, the claims discussed in Review Sheets CL02JA-AN and CL03AS-AN to pay in accordance with the provisions of the policy and provide the examiners with documentation of any remediation; and

Company Response:

Anthem will review the claims discussed in the listed Review Sheets, make adjustments, and apply interest as required to ensure that claims are paid in accordance with policy provisions.

20. Anthem will take steps to ensure that it provides to the insured an EOB describing the coverage for which the claim is paid or denied within 21 calendar days of receipt of proof of loss, unless otherwise specified in the policy, as required by 14 VAC 5-400-100 B.

Company Response:

Anthem continues to enhance its procedures and has taken steps to further ensure that it provides to the insured an EOB describing the coverage for which the claim is paid or denied within 21 calendar days of receipt of proof of loss, unless otherwise specified in the policy, as required by 14 VAC 5-400-100 B.

COMMONWEALTH OF VIRGINIA



SCOTT A. WHITE
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

P.O. BOX 1157
RICHMOND, VIRGINIA 23218
1300 E. MAIN STREET
RICHMOND, VIRGINIA 23219
TELEPHONE: (804) 371-9741
www.scc.virginia.gov/boi

March 22, 2024

**VIA ELECTRONIC MAIL
RETURN RECEIPT REQUESTED**

Kimberly Stevens
Compliance Director (VA)
Elevance Health

**RE: Response to the Draft Examination Report
Anthem Health Plans of Virginia, Inc. ("Anthem")**

Dear Ms. Stevens:

The examiners have received and reviewed Anthem's response to the draft Report dated January 19, 2024. This letter will primarily address those areas of the response where Anthem disagreed with the findings and corrective actions of the Report or where, upon further review, the examiners determined that modifications to the findings were necessary. Please be advised that Anthem is required to provide documentation substantiating all actions taken to comply with the Corrective Action Plan (CAP) upon finalization of the examination and within the timeframe established by the Report. This also includes procedures and business practices that have been strengthened, implemented or revised, as well as any regulatory addendums and contracts that have been amended. In its responses, Anthem indicated a recurring pattern of human error. Anthem is required, for any Corrective Action Plan where human error is identified, to demonstrate the implementation of system controls, oversight protocols which could include reporting and data analysis, and targeted training specific to the errors encountered. The Bureau of Insurance (BOI) is providing a revised copy of the draft Report and the following responses.

COMPANY DISAGREEMENTS

This section of the response addresses Anthem's additional disagreements with the findings or corrective actions for each area of review in the same order as presented in the draft Report.

SECTION V. PROVIDER CONTRACTS REVIEW

CAP Item Numbers 1 and 7 (Required Provisions)

The BOI has received, and reviewed Anthem's additional documentation related to PC01AL-AN and PC05AL-AN that was not provided to the examiners during the examination review. While the examiners are removing certain violations, the Report will include a corrective action item requiring Anthem to retain complete records of provider contracts and provide all required documentation regarding provider contracts when requested by the examiners. Regarding Review Sheets PC01AL-AN and PC05AL-AN, the violations of §§ 38.2-3407.15 B 1 through 38.2-3407.15 B 13 and 38.2-3407.15:2 B 1 through 38.2-3407.15:2 B 14 of the Code associated with these Review Sheets have been removed. The Report has been revised to reflect these changes.

CAP Item Number 5 (Language Regarding Fee Schedules and Required Notice for Amendments)

Anthem's response states that the sampled contracts were not renewed during 2021, but the examiners noted in Review Sheet PC04BW-AN (Examiner Second Response) that the contracts were amended after June 2020, and the cited language should have been removed or changed to the version indicated in the company's response to the corrective action plan at the time of the earliest amendment. The Report appears correct as written.

CAP Item Number 15 (Payment of Previously Authorized Claims)

Anthem failed to directly address § 38.2-3407.15 B 5 of the Code in its responses to Review Sheet PCCL16AS-AN or the Report except to say that it disagreed with all observations on the review sheet. No new documentation was provided. The Report appears correct as written.

The attached revised copy of the Report incorporates revisions the examiners made to reflect findings that have been removed or other corrections. Please note that pages including revisions are noted by the word "REVISED" included in the footer. The changes include:

- Revisions related to CAP Item Numbers 1 and 7
- Corrective action item related to interest has been corrected to reference 15 working days rather than 30 calendar days and to add the year 2023 since we are now in the year 2024
- Revisions to the percentages in the statistical summary

These are the only changes that the examiners plan to make to the Report

Kimberly Stevens
March 22, 2024
Page 3

If you have any questions or need any additional information, please do not hesitate to contact me.

Very truly yours,



Bryan Wachter, CIE, AIRC, FLMI, MCM
BOI Manager
Health Market Conduct Section
Life and Health Market Regulation Division
Telephone (804) 371-9745

COPY



2015 Staples Mill Road
Richmond, VA 23230

Julie Blauvelt
Deputy Commissioner
Bureau of Insurance
1300 East Main Street
Richmond, VA 23219

RE: Alleged violation of Code of Virginia §§ 38.2-3407.1 B, 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3407.15 B 11, 38.2-3407.15 B 12, 38.2-3407.15 B 13, 38.2-3407.15:2 B 1, 38.2-3407.15:2 B 2, 38.2-3407.15:2 B 3, 38.2-3407.15:2 B 4, 38.2-3407.15:2 B 5, 38.2-3407.15:2 B 6, 38.2-3407.15:2 B 7, 38.2-3407.15:2 B 8, 38.2-3407.15:2 B 9, 38.2-3407.15:2 B 10, 38.2-3407.15:2 B 11, 38.2-3407.15:2 B 12, 38.2-3407.15:2 B 13, and 38.2-3407.15:2 B 14
Case No. INS-2024-00045

Dear Ms. Blauvelt:

This will acknowledge receipt of the Bureau of Insurance's letter dated April 15, 2024, concerning the above-referenced matter.

Anthem Health Plans of Virginia, Inc. wishes to make a settlement offer for the alleged violations cited above. Further, we agree to:

1. Enclose with this letter a certified check, cashier's check or money order payable to the Treasurer of Virginia in the amount of \$111,900.
2. Comply with the Corrective Action Plan set forth in the Examination Report within 120 days from the Commission Order.
3. Acknowledge Anthem Health Plans of Virginia, Inc.'s right to a hearing before the State Corporation Commission in this matter and waive that right if the State Corporation Commission accepts this offer of settlement.

This offer is being made solely for the purpose of a settlement and does not constitute, nor should it be construed as, an admission of any violation of law.

Sincerely,
Anthem Health Plans of Virginia, Inc.

(Signed)

Monica Schmude
(Type or Print Name)

President, Anthem Blue Cross Blue Shield

(Title)

May 6, 2023

(Date)

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 28, 2024

2024 JUN 28 P 2: 32

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2024-00045

ANTHEM HEALTH PLANS OF VIRGINIA, INC.,
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination conducted by the Bureau of Insurance ("Bureau"), the Bureau has alleged that Anthem Health Plans of Virginia, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances violated § 38.2-3407.1 B of the Code of Virginia ("Code") by failing to pay interest upon the claim proceeds paid to the policyholder, insured, claimant, or assignee entitled thereto at the legal rate of interest from the date of fifteen working days from the insurer's receipt of proof of loss to the date of claim payment; §§ 38.2-3407.15 B 1 - 13 of the Code by failing to include, adhere to, and comply with specific required provisions related to minimum fair business standards in its provider contracts; and §§ 38.2-3407.15:2 B 1 - 14 of the Code by failing to include specific required provisions related to prior authorization in its provider contracts.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission. Through its settlement offer, and within 120 days from the entry of this Settlement Order, the Defendant has agreed to comply with the corrective action plan set forth in the Bureau's examination report; has tendered to the Treasurer of Virginia the amount of One Hundred Eleven Thousand Nine Hundred Dollars (\$111,900); and has waived the right to a hearing.

The Bureau has recommended that the Commission accept the Defendant's settlement offer pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Defendant's settlement offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant's settlement offer is hereby accepted.
- (2) This case is dismissed.

A COPY hereof shall be sent by the Clerk of the Commission by electronic mail to: Kim Stevens, Anthem Health Plans of Virginia, Inc., at kimberly.stevens@elevancehealth.com, 2015 Staples Mill Road, Richmond, Virginia 23230; and a copy shall be delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of Deputy Commissioner Julie Blauvelt.