REPORT ON EXAMINATION

OF

DENTCARE DELIVERY SYSTEMS, INC.

AS OF

DECEMBER 31, 2015

DATE OF REPORT **DECEMBER 23, 2020**

EXAMINER **VICTOR ESTRADA**

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NEW YORK STATE OF OPPORTUNITY. | Department of Financial Services

ANDREW M. CUOMO
Governor

LINDA A. LACEWELL
Superintendent

December 23, 2020

Honorable Linda A. Lacewell
Superintendent of Financial Services
Albany, New York 12257

Madam:

Pursuant to the provisions of the New York Insurance Law, and acting in accordance with the instructions contained in Appointment Number 31695, dated December 4, 2017, attached hereto, I have made an examination into the condition and affairs of Dentcare Delivery Systems, Inc., a not-for-profit health service corporation, licensed pursuant to the provisions of Article 43 of the New York Insurance Law, as of December 31, 2015, and submit the following report thereon.

The examination was conducted at the statutory home office of Dentcare Delivery Systems, Inc., located at 333 Earle Ovington Boulevard, Uniondale, New York.

Wherever the designations the "Plan" or "Dentcare" appear herein, without qualification, they should be understood to indicate Dentcare Delivery Systems, Inc.

Wherever the designation the "Department" appears herein, without qualification, it should be understood to indicate the New York State Department of Financial Services.

1. SCOPE OF THE EXAMINATION

The previous examination was conducted as of December 31, 2010. This combined (financial and market conduct) examination of the Plan covered the period January 1, 2011 through December 31, 2015. The financial component of the examination is defined in the National Association of Insurance Commissioners ("NAIC") *Financial Condition Examiners Handbook, 2016 Edition* (the "Handbook"). The financial component of the examination was conducted observing the guidelines and procedures in the Handbook, and where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2015 were also reviewed.

The financial portion of the examination was conducted on a risk-focused basis in accordance with the provisions of the Handbook, which provides guidance for the establishment of an examination plan based on the examiner's assessment of risk in the Plan's operations and utilizes that evaluation in formulating the nature and extent of the examination. The examiner planned and performed the examination to evaluate the Plan's current financial condition, as well as to identify prospective risks that may threaten the future solvency of the Plan.

The examiner identified key processes, assessed the risks within those processes and assessed the internal control systems and procedures used to mitigate those risks. The examination also included an assessment of the principles used and significant estimates made by management, an evaluation of the overall financial statement presentation, and determined management's compliance with the Department's statutes and guidelines, Statutory Accounting Principles, as adopted by the Department, and NAIC annual statement instructions.

Information concerning the Plan's organizational structure, business approach and control environment were utilized to develop the examination approach. The examination evaluated the

Plan's risks and management activities in accordance with the NAIC's nine branded risk categories. These categories are as follows:

- Pricing/ Underwriting
- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputation

The examination also evaluated the Plan's critical risk categories in accordance with the NAIC's nine critical risk categories. These categories are as follows:

- Valuation/ Impairment of Complex of Subjectively Valued Invested Assets
- Liquidity Considerations
- Appropriateness/ Adequacy of Investment Portfolio and Strategy
- Reinsurance Reporting and Collectability
- Underwriting and Pricing Strategy/ Quality
- Reserve Data
- Reserve Adequacy
- Related Party/ Holding Company Considerations
- Capital Management

The Plan was audited annually for the years 2011 through 2015, by the accounting firm of Withum Smith and Brown, PC ("WSB"). The Plan received an unmodified opinion in each of those years. Certain audit workpapers of WSB were reviewed and relied upon in conjunction with this examination.

During this examination, an Information Systems review was made of the Plan's computer systems and operations on a risk-focused basis, in accordance with the provisions of the Handbook.

The examiner reviewed the corrective actions taken by the Plan with respect to the recommendations contained in the prior report on examination. The results of the examiner's review are contained in Item 8 of this Report.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

2. DESCRIPTION OF THE PLAN

Dentcare Delivery Systems, Inc. ("Dentcare") is a not-for-profit health service corporation licensed on December 1, 1978, pursuant to the provisions of Article 43 of the New York Insurance Law. Dentcare writes only dental insurance.

Dentcare provides dental benefits through a network of participating general dentists and specialists. Dentcare offers traditional fee-for-service dental plans, as well as managed care contracts. The fee-for-service dental plans can be based on a fixed schedule of benefits or can be reimbursed according to percentages of "usual, customary and reasonable" charges. Managed care contracts are on a prepaid (capitated) basis.

A. Corporate Governance

Pursuant to the Plan's charter and by-laws, management of the Plan is to be vested in a Board of Directors consisting of not less than three (3) nor more than twelve (12) members. As of the examination date, the Board of Directors was comprised of the following five (5) members:

Name and Residence	Principal Business Affiliation
Public Directors	
Dr. Susannah Cort, MD Port Washington, NY	Senior Medical Director, Pfizer
Elyse Greenfield New York, NY	Director of Public Relations, NYU College of Dentistry
Provider Director	
Michael Korngold Cedarhurst, NY	Dentist, Dentcare Delivery Systems, Inc.
Subscriber Director	
Robert LaSalle Freehold, NJ	President, UFCW Local 312
Nicole Mastantuono Cedarhurst, NY	Office Manager, Valley Stream Dental Association

According to its by-laws, the Plan's Board of Directors is required to meet four times a year and may hold special meetings as desired. The Board of Directors of Dentcare met twenty-four (24) times during the period January 1, 2011 through December 31, 2015. A review of the minutes of the Board of Directors' meetings indicated that meetings were generally well attended with all members attending at least 50% of the meetings they were eligible to attend.

The principal officers of Dentcare as of December 31, 2015, were as follows:

Name	Title
Glenn J. Sobel	President
Nicole Mastantuono	Secretary
Lauren Siracusa	Treasurer

Section 4301(k)(3) of the New York Insurance Law states, in part:

> "No person who has served as a director of any corporation subject to this article for ten consecutive years shall thereafter be elected for an additional term of office as such until at least one year has elapsed since the expiration of his prior term of office…"

Furthermore, Section 4301(k)(3) states:

> "The superintendent, upon application by a corporation subject to the provisions of this article, may waive the ten year limit in this paragraph for a non-employee serving as chairman of its board of directors."

As of December 31, 2015, Directors Dr. Susannah Cort, MD and Elyse Greenfield each served on the Board for more than ten consecutive years.

Effective March 6, 2018, subsequent to the examination date, Dr. Susannah Cort, MD resigned from the Board of Directors and on the same day, was replaced by Dr. Corrado J. Altomare.

It is recommended that Dentcare implement the necessary procedures to comply with Section 4301(k)(3) of the New York Insurance Law and ensure that no person who has served as Director for ten consecutive years be elected for an additional term of office until at least one year has elapsed since the expiration of their prior term of office.

It is also recommended that Dentcare request a waiver from the Superintendent, for any Director who has exceeded the term limit.

Subsequent to the examination date, Dentcare applied to the Superintendent for a waiver of the ten-year term limit for Elyse Greenfield as Chairman of the Board. The Department granted said waiver on August 28, 2018.

B. Territory and Plan of Operation

Dentcare is licensed pursuant to the provisions of Article 43 of the New York Insurance Law and is authorized to write only dental business in all counties of the State of New York. The Plan's primary service area consists of the Greater New York Metropolitan area.

For calendar year 2015, the Plan's Premiums Written totaled $63,189,877. During the examination period January 1, 2011 through December 31, 2015, the Plan experienced a net increase in enrollment of 81,536 members. An analysis of the enrollment is set forth below:

	2011	**2012**	**2013**	**2014**	**2015**
Enrollment at January 1,	260,917	279,741	288,258	278,563	363,051
Net gain / (loss)	18,824	8,517	(9,695)	84,488	(1,774)
Enrollment at December 31,	279,741	288,258	278,563	363,051	361,277

The Plan utilizes agents and brokers, as well as an internal sales force to solicit business.

C. Significant Operating Ratios

The underwriting ratios presented below are on an earned-incurred basis and encompass the five-year period covered by this examination:

	Amounts	**Ratio**
Claims incurred	$ 224,373,931	84.13%
Claims adjustment expenses incurred	2,075,502	.78%
General administrative expenses incurred	38,342,289	14.38%
Net underwriting gain	1,894,970	.71%
Premiums earned	$ 266,686,692	100.00%

3. FINANCIAL STATEMENTS

The following statements show the assets, liabilities and capital and surplus as of December 31, 2015, as contained in the Plan's 2015 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Plan's financial condition as presented in its financial statements contained in the December 31, 2015 filed annual statement.

Independent Accountants

The firm of Withum Smith and Brown, PC ("WSB") was retained by the Plan to audit its statutory-basis statements of financial position as of December 31st of each year in the examination period, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the year then ended.

WSB concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Plan at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

A. Balance Sheet

Assets	Company	Examination	Surplus Increase/ Decrease
Bonds	$ 4,007,848	$ 4,007,848	
Common stocks	33,152	33,152	
Cash and cash equivalents	12,835,000	12,835,000	
Aggregate write for invested assets	556	556	
Investment income due and accrued	21,597	21,597	
Uncollected premiums and agents' balances in the course of collection	714,839	714,839	
Total assets	$ 17,612,992	$ 17,612,992	
Liabilities			
Claims unpaid	$ 4,195,941	$ 4,195,941	
Accrued medical incentive pool and bonus amounts	1,825,000	1,825,000	
Unpaid claims adjustment expenses	49,893	248,360	$ 198,467
Aggregate health policy reserves	602,494	602,494	
Premiums received in advance	349,958	349,958	
General expenses due or accrued	126,257	126,257	
Total liabilities	$ 7,149,543	$ 7,348,010	$ 198,467
Capital and Surplus			
Aggregate write-in for special surplus funds	$ 530,000	$ 530,000	
Statutory reserve	7,898,735	7,898,735	
Unassigned funds (surplus)	2,034,714	1,836,247	(198,467)
Total capital and surplus	$ 10,463,449	$ 10,264,982	$ (198,467)
Total liabilities, capital and surplus	$ 17,612,992	$ 17,612,992	

Note 1: The Plan is incorporated as a not-for-profit organization and is exempt from income tax under Section 501c(3) of the Internal Revenue Code.

Note 2: The Department actuary had arrived at a shortfall of $198,467 for Unpaid Claims Adjustment Expenses which decreases the capital and surplus to $10,264,982.

B. Statement of Revenue and Expenses and Capital and Surplus

Capital and surplus increased $2,173,457 during the examination period, January 1, 2011 through December 31, 2015, detailed as follows:

Revenue		
Net premium income	$ 266,686,692	
Total revenue		$ 266,686,692
Expenses		
Other professional services	$ 217,671,871	
Incentive pool, withhold adjustments and bonus amounts	6,702,060	
Claim adjustment expenses	2,075,502	
General administrative expenses	38,342,289	
Total underwriting deductions		$ 264,791,722
Net investment income earned		493,224
Net realized capital gain		171
Net loss from premiums charged off		(94,060)
Net income		$ 2,294,305

Changes in Capital and Surplus

Capital and surplus, per report on examination, as of December 31, 2010			$ 8,289,992
	Gains in Surplus	Losses in Surplus	
Net income	$ 2,294,305		
Change in net unrealized capital losses	23,992		
Change in non-admitted assets	0	$ 144,840	
Net gain in capital and surplus			$ 2,173,457
Capital and surplus, per report on examination, as of December 31, 2015			$ 10,463,449

4. UNPAID CLAIMS ADJUSTMENT EXPENSES

The examination liability of $248,360 is $198,467 more than the amount reported by the Plan in its filed annual statement as of December 31, 2015.

The examination analysis of the captioned account was conducted in accordance with generally accepted actuarial principles and practices and was based on statistical information contained in the Plan's internal records and in its filed annual and quarterly statements, as well as additional information provided by the Plan.

The examination reserve was based upon actual payments made through a point in time, plus an estimate for claims remaining unpaid at that date. Such estimate was calculated based on actuarial principles which utilized the Plan's experience in projecting the ultimate cost of claims incurred on or prior to December 31, 2015.

5. SUBSEQUENT EVENTS

The financial portion of the examination was updated to include a review of the Plan's financial condition as of December 31, 2017.

It should be noted that the Plan's examination liability for Claims Unpaid as of December 31, 2017, was $6,313,981 which was $667,304 or 10.57% greater than the amount reported in its December 31, 2017, financial statement filing.

The examination analysis of the Claims Unpaid account was conducted in accordance with generally accepted actuarial principles and practices and was based on statistical information

contained in the Plan's internal records and in its filed annual and quarterly statements, as well as additional information provided by the Plan.

The examination reserve was based upon actual payments made through a point in time, plus an estimate for claims remaining unpaid at that date. Such estimate was calculated based on actuarial principles which utilized the Plan's experience in projecting the ultimate cost of claims incurred on or prior to December 31, 2017.

6. MARKET CONDUCT ACTIVITIES

In the course of this examination, a review was made of the manner in which the Plan conducts its business practices and fulfills its contractual obligations to policyholders and claimants. The review was general in nature and is not to be construed to encompass the more precise scope of a market conduct examination. The review was directed at the practices of the Plan in the following major areas:

A. Underwriting, rating and issuance of contracts
B. Standards for Prompt, Fair and Equitable Settlement of Claims for Health Care and Payment for Health Care Services ("Prompt Pay Law")
C. Explanation of benefits statements
D. Complaints
E. Fraud prevention and detection plan
F. Network adequacy

A. Underwriting, Rating and Issuance of Contracts

Section 4308(a) of the New York Insurance Law states, in part:

> "No corporation... shall enter into any contract unless and until it shall have filed with the superintendent a copy of the contract or certificate and of all applications, riders and endorsements for use in connection with the issuance or renewal thereof, to be formally approved… as conforming to the applicable provisions of this article…"

The examiner selected a sample of eight (8) large group contracts and eight (8) individual contracts to verify that the contracts issued and the rates charged to subscribers were filed and approved by the Department. It should be noted that the examiner encountered considerable delays in receiving the contracts (See item 7 of this Report). Additionally, when the information was provided, it was incomplete and failed to include all the requested information. As a result, the examiner was unable to complete the review.

Additionally, the examiner reviewed a sample of the Plan's contracts. After multiple discussions with the Plan's President, it was determined that for 11,250 instances, the Plan had issued contracts to its members prior to receiving the Department's approval, thereby violating Section 4308(a) of the New York Insurance Law.

It is recommended that Dentcare comply with Section 4308(a) of the New York Insurance Law by obtaining the Department's approval prior to the issuance of any contracts.

Subsequent to the examination date, Dentcare submitted its unapproved contracts to the Department for approval and the Department approved the contracts on July 18, 2017.

B. Standards For Prompt, Fair And Equitable Settlement Of Claims For Health Care And Payments For Health Care Services ("Prompt Pay Law")

Section 3224-a(a) of the New York Insurance Law, "Standards for prompt, fair and equitable settlement of claims for health care and payments for health care services" ("Prompt Pay Law"), requires all insurers to pay undisputed claims within 30 days of receipt of a claim that is transmitted via the internet or electronic mail, or 45 days of receipt of a claim submitted by other means, such as paper or facsimile. If such undisputed claims are not paid within the respective 30 or 45 days of receipt, interest may be payable.

Upon review of Dentcare's claims, it was noted that claims processed by the Plan, beyond 30 or 45 days of receipt, did not exceed the allowable threshold under Section 3224-a(a) of the New York Insurance Law.

C. Explanation of Benefits Statements

As part of review of Dentcare's claim practices and procedures, a review of the explanation of benefit statements ("EOB") sent to subscribers and/or providers by the Plan was performed. An EOB is an important link among the subscriber, the provider and Dentcare. It should clearly communicate to the subscriber and/or provider that the Plan has processed a claim and how that claim was processed. It should clearly describe the charges submitted, the date the claim was received, the amount allowed for the services rendered, and show any balance owed to the provider. It should also serve as the documentation to recover any money from coordination of benefits with other carriers.

Section 3234(b)(7) of the New York Insurance Law states:

> "(b) The explanation of benefits form must include at least the following:
> (7) a telephone number or address where an insured or subscriber may obtain clarification of the explanation of benefits, as well as a description of the time limit, place and manner in which an appeal of a denial of benefits must be brought under the policy or certificate and a notification that failure to comply with such requirements may lead to forfeiture of a consumer's right to challenge a denial or rejection, even when a request for clarification has been made."

A sample of EOBs were reviewed in order to determine compliance with the aforementioned section of the New York Insurance Law.

It was determined that the Plan violated Section 3234(b)(7) of the New York Insurance Law because its EOBs failed to contain the following nonforfeiture language "*notification that*

failure to comply with such requirements may lead to forfeiture of a consumer's right to challenge a denial or rejection, even when a request for clarification has been made."

It is recommended that the Plan comply with Section 3234(b)(7) of the New York Insurance Law by incorporating the required nonforfeiture language on all of its EOBs.

A similar recommendation was cited in the prior report on examination.

D. Complaints

Circular Letter No. 11 (1978) states, in part:

> "…as part of its complaint handling function, the company's consumers services department will maintain an ongoing central log to register and monitor all complaint activity…"

Circular Letter No. 11 (1978) provides that all licensed insurance companies establish an internal department specifically designated to investigate and resolve complaints filed by its subscribers. Additionally, the Circular Letter requires that all insurer maintain an ongoing central log to register and monitor all complaint activity.

It should be noted that during the examination period, Dentcare failed to maintain an ongoing central complaint log; instead it maintained two separate worksheets to record its complaint activity.

It is recommended that the Plan comply with the provisions of Circular Letter No. 11 (1978) by maintaining an ongoing central complaint log.

Insurance Regulation No. 64 (11 NYCRR 216.4) states, in part:

> "(a) Every insurer, upon notification of a claim, shall, within 15 business acknowledge the receipt of such notice…
> (b) An appropriate reply shall be made within 15 business days..."

The examiner selected a sample of ten (10) complaints to determine compliance with Insurance Regulation No. 64 (11 NYCRR 216.4). It should be noted that for seven (7) of the ten (10) complaints sampled, Dentcare failed to reply within the required timeframe of 15 business days.

It is recommended that the Plan comply with the requirements of Insurance Regulation No. 64 by replying to all complaints received in a timely manner.

E. Fraud Prevention and Detection Plan

Section 409(b)(1) of the New York Insurance Law states, in part:

> "The plan shall provide… provisions for a full-time special investigations unit and staffing levels within such unit. Such unit shall be… responsible for investigating… cases of suspected fraudulent activity and for effectively implementing fraud prevention and reduction activities pursuant to the plan filed with the superintendent. An insurer shall include in such plan staffing levels…"

A review of Dentcare's Fraud Prevention Plan, which was submitted to the Department on December 9, 2002 and approved on February 3, 2003, was conducted. Dentcare's compliance with New York Insurance Law Section 409 and Insurance Regulation No. 95 (11 NYCRR 86), with respect to the reporting of fraud cases to the Department, was also reviewed.

It was determined that Dentcare violated Section 409(b)(1) of the New York Insurance Law when it failed to update its Fraud Prevention Plan to reflect the correct staffing levels of its

Special Investigations Unit ("SIU"); the Fraud Prevention Plan contained the names of personnel who were no longer employed as staff of the Plan's SIU.

Additionally, it should be noted that during the examination period, Healthplex, Inc., the Plan's TPA, performed most of the Plan's SIU functions.

It is recommended that Dentcare comply with Section 409(b)(1) of the New York Insurance Law by updating and resubmitting its Fraud Prevention and Detection Plan, with the Department to reflect its SIU's correct staffing level.

Subsequent to the examination date, the Plan submitted an updated Fraud Prevention and Detection Plan to the Department for review and approval. The Plan was approved by the Department on August 11, 2020.

F. Network Adequacy

Section 3241(a) of the New York Insurance Law states, in part:

> "(a) An insurer… organized pursuant to article forty-three of this chapter… that issues a health insurance policy or contract with a network of health care providers shall ensure that the network is adequate to meet the health needs of insureds and provide an appropriate choice of providers sufficient to render the services covered under the policy or contract. The superintendent shall review the network of health care providers for adequacy… To the extent that the network has been determined… to meet the standards set forth in… the public health law, such network shall be deemed adequate…"

A review of the Plan's network adequacy with regards to member access and choice of providers, during the examination period, was conducted.

A review of Dentcare's network adequacy filings revealed that in three (3) counties, its network did not contain an adequate number of specialist and/or ancillary providers sufficient to

render services to the Plan's member's in violation of Section 3241(a) of the New York Insurance Law.

It is recommended that Dentcare comply with Section 3241(a) of the New York Insurance Law by ensuring that its network is adequate and that it provides an appropriate choice of providers to all of its members.

G. Record Retention

Part 243.2(b)(1) of Insurance Regulation No. 152 (11 NYCRR 243.2(b)) states, in part:

> "Except as otherwise required by law or regulation, an insurer shall maintain:
> (1) A policy record for each insurance contract… for six calendar years… or until after the filing of the report on examination in which the record was subject to review, whichever is longer…"

The Plan failed to comply with the provisions of Insurance Regulation No. 152 (11 NYCRR 243.2(b)) when it was unable to provide copies of certain initial enrollment applications as completed by the subscriber, initiating coverage, as well as copies of the policies sold.

It is recommended that the Plan comply with the provisions of Part 243.2(b) of Insurance Regulation No. 152 by maintaining all applications and policies for such time frames as required by the Regulation.

7. FACILITATION OF EXAMINATION

Section 310(a)(3) of the New York Insurance Law states, in part:

> "The officers and agents of such insurer… shall facilitate such examination and aid such examiners in conducting the same so far as it is in their power to do so."

To gain an understanding of the process and controls with regards to the Plan's group implementation, the examiner requested certain underwriting and rating documentation, including a sample of new business written in calendar year 2015.

The Plan violated Section 310(a)(3) of the New York Insurance Law when, it failed to provide the requested documentation in a timely manner. It should be noted that after granting the Plan with several extensions, it ultimately took months before the Plan provided the requested documentation to the examiner.

It is recommended that the Plan comply with Section 310(a)(3) of the New York Insurance Law by ensuring that all requested documentation is provided in a timely manner.

8. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination as of December 31, 2010, contained the following forty (40) comments and recommendations pertaining to the financial portion of the examination (page number refers to the prior report on examination):

ITEM NO.		PAGE NO.
	Management and Controls	
1.	It is recommended that the Plan complies with the requirements of Sections 89.4(c)(1) and (c)(2) of Insurance Regulation No. 118 by notifying the Department, of any dismissals of any accounting firm it is receiving services from and by submitting a letter detailing the specifics of such dismissals in accordance with the timeframes specified in the Regulation. *The Plan has complied with this recommendation.*	4
2.	It is recommended that, as a good business practice, the Plan establishes formal written investment guidelines to be used when purchasing or disposing of investments. *The Plan has complied with this recommendation.*	7
3.	It is recommended that the Plan complies with the requirements of Department Circular Letter No. 9 (1999) by obtaining the required annual certifications. *The Plan has complied with this recommendation.*	8
4.	It is recommended that the Plan complies with the requirements of Circular Letter No. 9 (1999) by updating its Board of Directors on claims processing functions. *The Plan has complied with this recommendation.*	8
	Service Agreement	
5.	It is again recommended that Dentcare's management performs a detailed analysis of its agreement with Healthplex, Inc. and considers the solicitation of other entities that can perform the same services as Healthplex, Inc. *The Plan has complied with this recommendation.*	10

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Service Agreement (Cont.)

6. It is recommended that Dentcare complies with the provisions detailed in its service agreement with Healthplex, Inc. 11

The Plan has complied with this recommendation.

7. It is further recommended that the service agreement clearly identifies those services Healthplex, Inc. are to render to the Plan and those services the Plan will perform itself. 11

The Plan has complied with this recommendation.

Abandoned Property Law

8. It is recommended that the Plan complies with the requirements of Section 1316 of the New York Abandoned Property Law by filing the requisite abandoned property reports with the Office of the New York State Comptroller. 12

The Plan has complied with this recommendation.

9. It is recommended that the Plan complies with the requirements of Section 1316 of the New York Abandoned Property Law by annually publishing a list of names with the last known addresses of persons appearing to be entitled to abandoned property. 13

The Plan has complied with this recommendation.

10. It is further recommended that the Plan files proof of such publication with the Office of the State Comptroller. 13

The Plan has complied with this recommendation.

Conflict of Interest

11. It is recommended that the Plan establishes a written conflict of interest policy and/or a code of conduct policy. 13

The Plan has complied with this recommendation.

Accounts and Records

12. It is recommended that the Plan complies with the requirements of Section 1217 of the New York Insurance Law by obtaining proper documentation for all of its disbursements that are one hundred dollars or more. 14

The Plan has complied with this recommendation.

ITEM NO. **PAGE NO.**

Accounts and Records (Cont.)

13. It is recommended that the Plan complies with the requirements of Paragraph 10 of SSAP No. 6 by charging its uncollectible receivables to income. 15

The Plan has complied with this recommendation.

14. It is recommended that the Plan complies with the requirements of Sections 1305(a) and (b)(1) of the New York Insurance Law and Paragraph 3 of SSAP No. 5 by maintaining reserves equal to the unearned portions of the gross premiums charged. 16

The Plan has complied with this recommendation.

15. It is recommended that the Plan complies with the requirements of Section 1302(a)(2) of the New York Insurance Law by refraining from admitting prepaid expenses unless such prepaid expenses are considered an exception as defined by Section 1301(a)(16) of the New York Insurance Law. 17

The Plan has complied with this recommendation.

Agents and Brokers

16. It is recommended that the Plan complies with the requirements of Section 2102(a)(1) of the New York Insurance Law by ensuring that individuals who sell its products are licensed. 22

The Plan has complied with this recommendation.

17. It is also recommended that the Plan complies with the requirements of Section 2114(a)(3) by paying commissions only to those individuals who are licensed producers. 22

The Plan has complied with this recommendation.

18. It is further recommended that the Plan complies with the requirements of Section 2102(e)(2) of the New York Insurance Law by paying renewal and other deferred commissions only to those individuals who were licensed producers at the time of the initial sell, solicitation or negotiation of the Plan's product. 22

The Plan has complied with this recommendation.

19. It is recommended that the Plan complies with the requirements of Section 2112(a) of the New York Insurance Law by ensuring that certificates of appointments for all of its agents are filed with the Department. 23

The Plan has complied with this recommendation.

ITEM NO. **PAGE NO.**

39. Record Retention

It is recommended that the Plan complies with the requirements of Part 243.2(b) of Insurance Regulation No. 152 by maintaining all termination of coverage notifications as required by the Regulation. 40

The Plan has not complied with this recommendation. A similar recommendation is cited in this report on examination.

40. Fraud Prevention

It is recommended that the Plan complies with the requirements of Section 409(b)(1) of the New York Insurance Law by providing a properly staffed Special Investigations Unit that is also maintained separate from the underwriting and claims function of the Plan. 42

The Plan has not complied with this recommendation. A similar recommendation is cited in this report on examination.

9. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Corporate Governance	
i.	It is recommended that Dentcare implement the necessary procedures to comply with Section 4301(k)(3) of the New York Insurance Law and ensure that no person who has served as director for ten consecutive years be elected for an additional term of office until at least one year has elapsed since the expiration of their prior term of office.	6
ii.	It is also recommended that Dentcare request a waiver from the Superintendent, for any Director who has exceeded the term limit. Subsequent the examination date, Dentcare applied to the Superintendent for a waiver of the ten-year term limit for Elyse Greenfield as Chairman of the Board. The Department granted said waiver on August 28, 2018.	6
B.	Underwriting, Rating and Issuance of Policy Forms	
	It is recommended that Dentcare comply with Section 4308(a) of the New York Insurance Law by obtaining the Department's approval prior to the issuance of any contracts. Subsequent to the examination date, Dentcare submitted its unapproved contracts to the Department for approval and the Department approved the contracts on July 18, 2017.	13
C.	Explanation of Benefit Statements	
	It is recommended that the Plan comply with Section 3234(b)(7) of the New York Insurance Law by incorporating the required nonforfeiture language on all of its EOBs. A similar recommendation was cited in the prior report on examination.	15
D.	Complaints	
i.	It is recommended that the Plan comply with the provisions of Circular Letter No. 11 (1978) by maintaining an ongoing central complaint log.	15

ITEM PAGE NO.

D. Complaints

ii. It is recommended that the Plan comply with the requirements of Insurance Regulation No. 64 (11 NYCRR 216.4) by replying to all complaints received in a timely manner. 16

E. Fraud Prevention and Detection Plan

It is recommended that Dentcare comply with Section 409(b)(1) of the New York Insurance Law by updating and resubmitting its Fraud Prevention and Detection Plan, with the Department to reflect its SIU's correct staffing level. 17

Subsequent to the examination date, the Plan submitted an updated Fraud Prevention and Detection Plan to the Department for review and approval. The Plan is under review by the Department.

F. Network Adequacy

It is recommended that Dentcare comply with Section 3241(a) of the New York Insurance Law by ensuring that its network is adequate and that it provides an appropriate choice of providers to all of its members. 18

G. Records Retention

It is recommended that the Plan comply with the provisions of Part 243.2(b) of Insurance Regulation No. 152 by maintaining all applications and policies as required by the Regulation. 18

H. Facilitation of the Examination

It is recommended that the Plan comply with Section 310(a)(3) of the New York Insurance Law by ensuring that all requested documentation is provided in a timely manner. 19

Respectfully submitted,

_____
Victor Estrada
Senior Insurance Examiner

STATE OF NEW YORK)
)SS.
)
COUNTY OF NEW YORK)

VICTOR ESTRADA, being duly sworn, deposes and says that the foregoing report submitted by him is true to the best of his knowledge and belief.

_____
Victor Estrada

Subscribed and sworn to before me
this ____ day of _____ 2020.

APPOINTMENT NO. **31695**

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, ***MARIA T. VULLO****, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

Victor Estrada

as a proper person to examine the affairs of the

Dentcare Delivery Systems, Inc.

and to make a report to me in writing of the condition of said

Plan

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed my name and affixed the official Seal of the Department at the City of New York

this 4th day of December, 2017

MARIA T. VULLO
Superintendent of Financial Services

By: _____

Lisette Johnson
Bureau Chief
Health Bureau