MARKET CONDUCT REPORT ON EXAMINATION
OF
HEALTHPLEX INSURANCE COMPANY
AS OF
DECEMBER 31, 2021

EXAMINER: **MANAAL AL MAMUN, AFE, MCM**

DATE OF REPORT: **JUNE 18, 2025**

TABLE OF CONTENTS

June 18, 2025

Honorable Adrienne A. Harris
Superintendent of Financial Services
Albany, New York 12257

Madam:

Pursuant to the requirements of the New York Insurance Law and acting in accordance with the instructions contained in Appointment Number 32406, dated May 16, 2022, attached hereto, I have made an examination into the affairs of Healthplex Insurance Company, an accident and health insurance company licensed pursuant to the provisions of Article 42 of the New York Insurance Law, as of December 31, 2021. The following report is respectfully submitted thereon.

The examination was conducted remotely due to restrictions relating to the COVID-19 Pandemic. The statutory home office of Healthplex Insurance Company is located at 333 Earle Ovington Boulevard, Uniondale, New York.

Wherever the designations "HIC" or the "Company" appear herein, without qualification, they should be understood to indicate Healthplex Insurance Company.

Wherever the designations "UHS," or the "Parent" appear herein, without qualification, they should be understood to indicate United HealthCare Services, Inc., the Parent of HIC.

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, 2017. This examination covers a four-year period from January 1, 2018 through December 31, 2021. This market conduct examination was performed to review the manner in which HIC conducted its business practices and fulfilled its contractual obligations to policyholder and claimants. Transactions subsequent to this period were reviewed where deemed appropriate by the examiner.

This report on examination contains the significant findings of the examination and is confined to comments on those matters which involve departures from laws, regulations or rules, or which are deemed to require explanation or description.

A review was also made to ascertain what actions were taken by HIC with regard to the comments and recommendations concerning market conduct issues contained in the prior report on examination, as of December 31, 2017. The results of the examiner's review are contained in item 8 of this report on examination.

Concurrent examination regarding the financial condition of HIC was conducted by the Department as of December 31, 2021, and separate report on examination was issued thereon.

2. DESCRIPTION OF THE COMPANY

Healthplex Insurance Company was incorporated on June 12, 1998, as a for-profit accident and health insurer. The Company was licensed on October 1, 2001, pursuant to Article 42 of the New York Insurance Law to write insurance business as defined under Section 1113(a)(3)(i) and (ii) of the New York Insurance Law. The Company began writing business in March 2003.

Healthplex Insurance Company offers dental contracts to groups and individuals in the New York metropolitan area through fee-for-service plans. Effective January 1, 2014, the Company became a Qualified Health Plan ("QHP") to sell dental plans to individuals and Small Business Health Options Program ("SHOP") businesses on the New York State of Health Marketplace ("Exchange"). Additionally, the Company received approval to operate as an accident and health insurer limited to dental services in the State of New Jersey on August 4, 2016; to date, the Company has not written any business in New Jersey.

In early 2016, a recapitalization of the Company's common stock and paid-in capital was necessary to meet a certain regulatory surplus requirement to transact future business as a foreign entity in the State of New Jersey. On May 21, 2016, the New York State Department of Financial Services approved the recapitalization of the Company's authorized capital by increasing the capital from $300,000 to $2,500,000, consisting of 500 shares of common stock with a par value of $5,000 per share. As of December 31, 2021, 140 shares were issued and outstanding.

On November 19, 2018, the Department received an Acquisition of Control application whereby a Florida Limited Liability Company, Healthplex America, LLC, was seeking to acquire

100% ownership of Healthplex, Inc. and its subsidiaries, including Healthplex Insurance Company. The Department approved the application on July 22, 2019.

On September 4, 2020, an Equity Interest Purchase Agreement (the "HA Equity Interest Purchase Agreement") was entered into by Family Members, as the Trustees (these persons collectively known as the "Sellers"), the Immediate Family Members, Marlin Holding Company, LLC (the "Purchaser"), UnitedHealth Group Incorporated ("UHG"), a Delaware corporation ("Purchaser Guarantor"), and an Individual Family Member ("Sellers' Representative"). Pursuant to the Agreement, Marlin Holding Company, LLC acquired 100% of the issued and outstanding equity interests of Healthplex America, LLC ("HA"), and thereby, indirectly, 100% of HIC's shares. HIC has 140 shares of common stock issued and outstanding with a par value of $5,000 per share, all of which are held by Healthplex, Inc., a direct wholly-owned subsidiary of HA. Immediately upon closing of the Acquisition, HIC became an indirect wholly-owned subsidiary of Marlin Holding Company, LLC, Specialty Benefits, LLC, UHS, and UHG.

Concurrently with the execution and delivery of the HA Equity Interest Purchase Agreement, the Trustees and UHG also entered into an Equity Interest Purchase Agreement, dated as of the date of HA Equity Interest Purchase Agreement, pursuant to which UHG acquired MCNA Health Care Holdings, LLC, a Florida limited liability company ("MCNA Holdings").

On September 8, 2020, pursuant to New York Insurance Law Section 1506, UHG, a Delaware corporation; UHS, a Minnesota corporation and a direct wholly-owned subsidiary of UHG; Specialty Benefits, LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of UHS ("Specialty Benefits"); and Marlin Holding Company LLC, a Delaware

limited-liability company and a direct wholly-owned subsidiary of Specialty Benefits, filed an application for the Department's approval of the acquisition of control of Healthplex, Inc. The application was approved by this Department on December 24, 2020. Due to this acquisition, Healthplex, Inc. became an indirect wholly-owned subsidiary of UHG effective December 31, 2020.

3. STANDARDS FOR PROMPT, FAIR AND EQUITABLE SETTLEMENT OF CLAIMS FOR HEALTH CARE AND PAYMENTS FOR HEALTH CARE SERVICES ("PROMPT PAY LAW")

Section 3224-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 either 30 days of receipt of a claim that is transmitted via the internet or electronic mail or within 45 days of receipt for 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.

A review of the Company's compliance with Section 3224-a of the New York Insurance Law, was conducted during the examination. Although there were instances of certain claims being paid beyond 30 or 45 days of receipt, such instances for the entity did not exceed the ninety-eight percent (98%) threshold of claims processed in compliance with Section 3224-a of the New York Insurance Law.

4. COMPLAINTS

Part 216.4 of New York Insurance Regulation No. 64 (11 NYCRR 216.4) states, in part:

> "(a) Every insurer, upon notification of a claim, shall, within 15 business days, acknowledge the receipt of such notice. Such acknowledgment may be in writing...

> (b) An appropriate reply shall be made within 15 business days on all other pertinent communications…
>
> (d) Every insurer, upon receipt of any inquiry from the Department of Financial Services respecting a claim, shall, within 10 business days, furnish the department with the available information requested respecting the claim…"

Of the ten (10) sampled complaints from HIC's complaints log, there were six (6) instances where HIC did not send the acknowledgement letter to members or acknowledge receipt of the member's complaint within fifteen (15) business days. Of the ten (10) sampled complaints from HIC's complaints log, there were three (3) instances where HIC did not respond to the member's complaint within fifteen (15) business days. For all eight (8) complaints received from the Department's complaints log, HIC failed to respond to the complaints to the Department within ten (10) business days.

HIC is directed to comply with the requirements of Part 216.4(a) and (b) of New York Insurance Regulation No. 64 by acknowledging and responding to member complaints within the required time frame.

HIC is also directed to comply with the requirement of Part 216.4(d) of New York Insurance Regulation No. 64 by responding to all complaints received within the required timeframe.

5. PRODUCER LICENSING

Sections 2112(a), (b), (c) and (d) of the New York Insurance Law state, in part:

> "(a) Every insurer, fraternal benefit society or health maintenance organization doing business in this state shall file a certificate of appointment in such form as the superintendent may prescribe in order to appoint insurance agents to represent such insurer, fraternal benefit society or health maintenance organization.

> (b) To appoint a producer, the appointing insurer shall file, in a format approved by the superintendent, a notice of appointment within fifteen days from the date the agency contract is executed or the first insurance application is submitted.
>
> (c) Certificates of appointment shall be valid until (1) terminated by the appointing insurer or title insurance agent after a termination in accordance with the provisions of the agency contract; (2) the license is suspended or revoked by the superintendent; or (3) the license expires and is not renewed.
>
> (d) Every insurer…doing business in this state shall, upon termination of the certificate of appointment…of any insurance agent licensed in this state, or upon termination for cause for activities as set forth in subsection (a) of section two thousand one hundred ten of this article, of the certificate of appointment, of employment, of a contract or other insurance business relationship with any insurance producer, file with the superintendent within thirty days a statement, in such form as the superintendent may prescribe, of the facts relative to such termination for cause."

Of the seventeen (17) sampled insurance producers' licenses, three (3) producers' licenses were expired. HIC failed to file notice of termination for its agents with the Department. Of the remaining fourteen (14) active licensees, three (3) producers did not list HIC as their appointing insurer. HIC failed to file certificates of appointment for its agents with the Department.

HIC is directed to comply with the requirements of Sections 2112(a), (b), (c) and (d) of the New York Insurance Law by filing the appointments and terminations of its agents with the Department within the required timeframes.

6. UTILIZATION REVIEW AND APPEALS

Section 4904(c) of the New York Insurance Law states, in part:

> "…The utilization review agent must provide written acknowledgement of the filing of the appeal to the appealing party within fifteen days of such filing and shall make a determination with regard to the appeal within thirty days of the receipt of necessary information to conduct the appeal and, upon overturning the adverse decision, shall comply with subsection (a) of section three thousand two hundred twenty-four-a of this chapter as applicable. The utilization review agent shall notify the insured, the insured's designee and, where appropriate, the insured's health care provider, in writing of the appeal determination within two business days of the rendering of such determination..."

Of the ten (10) appeal cases reviewed by the examiner, there was one (1) instance where HIC failed to provide written acknowledgement to the appealing party within fifteen (15) days of the filing of an appeal.

HIC is directed to comply with the requirements of Section 4904(c) of the New York Insurance Law by sending acknowledgement letters within fifteen (15) days of the filing of an appeal.

A similar finding was cited in the previous report on examination.

7. REPORTING OF UTILIZATION REVIEW DETERMINATIONS

A review of the "Exhibit of Grievances and Utilization Review Appeals" for HIC, as contained in its 2021 Annual NY Supplement filed with the Department, revealed that the Company incorrectly reported the total number of utilization review determinations on their respective filed exhibit. HIC reported a total number of 8,808 utilization review determinations in its 2021 Annual NY Supplement filed with the Department. This amount does not reconcile with the total number of 9,710 utilization review determinations in its 2021 data file, with a variance of 902 utilization review determinations.

HIC is directed to report correct data on the Exhibit of Grievances and Utilization Review Appeals within its Annual NY Supplement filings with the Department.

A similar finding was cited in the previous report on examination.

8. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination, as of December 31, 2017, contained the following seventeen (17) comments and recommendations (page numbers below refer to the prior report on examination):

ITEM NO.		PAGE NO.
	Reporting of Claims	
1.	It is recommended that Healthplex Insurance Company report correct data in its "Health Insurance Claims Payable – Section 3" exhibit, of its NY Supplement filings made with the Department. *The Company has complied with this recommendation.*	19
	Explanation of Benefit Statements	
2.	It is recommended that Healthplex Insurance Company ensure that all EOBs issued to its members include all of the information required by Sections 3234(b)(6) and (7) of the New York Insurance Law. *The Company has complied with this recommendation*.	19
	Utilization Review	
3.	It is recommended that HIC comply with the requirements of Section 4903(b) of the New York Insurance Law by providing the notice of determination for services requiring pre-authorization by telephone to all members and providers within the required timeframe. *The Company has complied with this recommendation.*	20
4.	It is recommended that HIC comply with the requirements of Section 4904(c) of the New York Insurance Law by sending acknowledgment letters within fifteen (15) days, and sending, in writing, the appeal determination to the insured, the insured's designee and, where appropriate, the insured's health care provider, within (2) business days after rendering a determination. *The Company did not comply with this recommendation. A similar comment is included in this report.*	21

ITEM NO. **PAGE NO.**

Network Adequacy

17. It is recommended that Healthplex Insurance Company comply with Section 3241(a) of the New York Insurance Law by filing all the networks of providers with DFS prior to use. 30

The Company has complied with this recommendation.

9. VIOLATIONS, RECOMMENDATIONS AND COMMENTS

Respectfully submitted,

Manaal Al Mamun
Financial Services Examiner 3

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

MANAAL AL MAMUN, being duly sworn, deposes and says that the foregoing report submitted by her is true to the best of her knowledge and belief.

Manaal Al Mamun

Subscribed and sworn to before me

this June day of 18 2025

APPOINTMENT NO. **32406**

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, ***ADRIENNE A. HARRIS****, 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:*

Manaal Al Mamun

as a proper person to examine the affairs of

Healthplex Insurance Company

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

Company

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 16th day of May, 2022

Adrienne A. Harris
Superintendent of Financial Services

By: Alice Wang McKenney

Alice McKenney
Deputy Bureau Chief
Health Bureau