

Health Net Health Plan of Oregon (Health Net) respectfully provides responses and clarifying information regarding the findings contained in the Market Conduct Examination Reproductive Health Equity Act of Health Net Health Plan of Oregon, Inc.

The findings, as laid out in the bullet points on page 2 of the report, are addressed in the order laid out in the report.

### **Improper application of cost share for claims in violation of ORS 746.230 (c) and 743A. 067**

Health Net adjudicates its claims in two different ways, based on the type of claim, whether medical or pharmacy.

#### **MEDICAL CLAIMS**

For the medical claims, Health Net carefully reviewed the report and confirms claims adjudication errors. As RHEA was new to Oregon law and Health Net, Health Net claims adjudication accuracy and more importantly, member copays, coinsurance and deductibles were inappropriately affected. (WHEN) After Health Net learned of these concerns, we proactively reanalyzed not only the claims the auditor reviewed for this report but examined all other claims fitting in the RHEA category and readjudicated those inappropriately determined.

Also, Health Net carefully and thoroughly examined its benefit configuration for RHEA and changed coding to assure accurate claims determinations. These actions have not only assured the report's concerns indicating when our members assessed copay, coinsurance or deductible were made whole; Health Net also pored into the cause of the errors and is currently remediating those issues. For example, after the 2020 data call showed cost share, within 30 days the plan began analysis on how to update the benefits. Additionally, the plan reviewed additional types of claims to identify and reconfigure benefits, resulting in readjustments.

The plan updated its configuration between September 18, 2020, and April 10, 2021.

For the 2021 RHEA exam, DFR modified its report criteria. Based on that data, the plan reviewed and found additional claims to review. The plan began that project September 14, 2021.

Also, Health Net, based on the findings in the report, began an analysis both to determine the state of previously instituted remediation projects but to determine the plan's compliance with RHEA claims adjudication for claims received after January 1, 2021.

#### **PHARMACY CLAIMS**

For the pharmacy claims, the report contains concerns about payment of pharmacy claims, but not inappropriate cost share. It appears from the report Health Net failed to clearly communicate the process of pharmacy claims adjudication, leading to a misunderstanding of the process and findings flowing from that miscommunication. The pharmacy claims adjudication process is described below. Per plan analysis, the date of claims submission is accurate.

Pharmacy claims adjudicate differently than medical claims. For those claims received from a pharmacy, the claim is adjudicated at point of sale. The following process breaks down the pharmacy claim adjudication on a more granular level. The pharmacy receives a prescription for a medication. When the pharmacy begins processing the prescription, and enters it in the pharmacy system, the claim is either paid or rejected based on the formulary and other requirements. If the claim is rejected, the reason for rejection is provided. If the claim pays, the transaction is electronic and instantaneous. Some time after the medication is processed, the member obtains the prescription from the pharmacy, when any copay, coinsurance, or deductible cost becomes relevant. (Not relevant for this report but included for clarification.)

Regarding payment of the claim, each pharmacy is contracted with Health Net Health Plan of Oregon's pharmacy benefit manager (PBM). The pharmacy, based on its proprietary contract with the PBM, submits claims and is paid by the PBM in accordance with Oregon law.

From the member's view, the claim becomes relevant at the time the member visits the pharmacy to pick up the prescription. That is when the member learns of any financial obligation to obtain the medication.

In contrast, for the most part, providers administer medications, as indicated below.

Providers in general do not dispense medications, they administer (buy and bill). There are exceptions; other than pharmacists, only MDs, PAs and NPs are licensed to dispense. For example, Planned Parenthood, a licensed provider, dispensed medications. Planned Parenthood normally bills on the medical side; it takes a retail pharmacy system to bill on the pharmacy side. Planned Parenthood dispensed and after a time billed (like medical) but billed on the pharmacy side. That would be why the dates are not the same as we see on pharmacy claims.

**Failure to timely resolve complaints and maintain records in violation of 746.230(c),  
OAR 836-053-1080, and RHEA**

The RHEA Exam Executive Summary presents a finding which details deficiencies surrounding the complaints, appeals and grievance processes. The finding states:

In some complaints, the insurer failed to timely resolve the complaints. The insurer failed to maintain records in such manner that the director may readily ascertain whether the insurer has given proper treatment to policyholders and has complied with the insurance code by (a) not having a mechanism for the reporting of complaints relating to inquiries on covered benefits including RHEA, (b) by not providing the examiners with evidence that the various controls over the complaint, appeals or grievance processes that monitor and ensure compliance with RHEA, and (c) by not being able to separate complaints, appeals or grievances in its systems relating to RHEA.

Prior to the original data call and RHEA audit, the appeals and grievance system had not been assessed for compliance with RHEA requirements. The Grievance and Appeal coordinators did

not have sufficient understanding of the scope of RHEA and the potential impacts on grievance and appeals. As a result, the system had not been configured to allow for the separation of complaints, appeals or grievances related to RHEA.

In response to the finding, Health Net will establish a work process to correctly label RHEA appeals and grievances in the online system of record. Health Net will provide training to the Grievance and Appeal Coordinators, building that understanding of the scope of RHEA and ensuring RHEA appeals and grievances can be identified. Compliance will assist the Appeals and Grievance team in conducting an orientation to RHEA, for every coordinator, which includes an introduction to RHEA, how to identify appeals and grievances related to RHEA, and instructions on properly documenting such complaints, appeals and grievances. The one-hour training will conclude with a test, the results of which will demonstrate the coordinators' knowledge and understanding of RHEA. Test scores of 95% and higher will be considered as success indicators.

The finding also addresses the timeliness of RHEA complaint resolution. Presently, Compliance tracks the timeliness of complaints, appeals and grievances in a monthly dashboard, which is then reported to plan leadership and the state. These efforts are recognized in the RHEA Exam Executive Summary:

A quality improvement committee receives compliance reports quarterly and a monthly report is generated. These reports monitor regulatory timeframes, as well as provide insurer timeframe goals and summarizes information by different product offerings. The reports are broken out by medical appeals, pharmacy, grievances, and complaints. However, none of these reports or summaries contain information that identify RHEA related complaints.

After a six-month review of regulatory timeframes, between February 2022 and July 2022, monitoring all medical appeals, pharmacy appeals, grievances, and complaints, Health Net met timeliness at a 100% rate, without fail; proof is available upon request. As these metrics do not indicate data specific to RHEA requirements, Compliance will complete an audit of Q-4 2022 complaints, appeals and grievances to ensure RHEA complaints, appeals and grievances were processed within established timeframes. The results of the internal audit will guide future compliance actions.