

Managed Care in North Carolina

Annual Report and Analysis of 2009 Activity

North Carolina Department of Insurance



Wayne Goodwin,
Insurance Commissioner

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I. Glossary of Managed Care Terms in this Report

Appeal - A written request for a plan to reverse its utilization review decision to deny coverage of a requested service.

Commercial-insured - Refers to those groups and individuals that pay premiums to an insurer, with the insurer accepting financial risk for the cost of covered healthcare services rendered over the course of the contract period. Commercial insured excludes membership covered under self-funded employer plans, Federal plans, Medicare and Medicaid.

Exam - An examination by the Managed Care and Health Benefits Division of a company's market practices.

External Review - An independent medical review of certain decisions made by health insurers (a more detailed definition can be found on pages 26 and 42).

Grievance - A written complaint (other than an appeal) from a member about an insurer's decisions, policies or actions related to the availability, delivery or quality of healthcare services, claims payment or handling, reimbursement for services or the contractual relationship between a member and the plan.

HEDIS® - The "Healthcare Effectiveness Data and Information Set," a set of standardized performance measures and data collection methods developed by the National Committee for Quality Assurance (NCQA), designed to help consumers compare HMOs. Prior to this year, North Carolina HMOs were required to report certain HEDIS measures to the Department of Insurance Managed Care and Health Benefits Division, which then publishes the data for public review and use. This requirement no longer exists.

HMO (Health Maintenance Organization) - A health plan that provides or arranges for the delivery of healthcare services to members through a designated provider network, for a fixed, pre-paid monthly premium.

Medical Loss Ratio - Ratio of medical expenses to premium revenue. For example, a Medical Loss Ratio of .93 indicates that for every dollar received as premium revenue, \$0.93 is spent on medical expenses.

Member - A person covered under a managed care plan.

Member Months - Membership is counted each month. The monthly totals are then added together, to produce the total number of member months for the calendar year.

NCQA Accreditation - See Section II, "Data Sources."

Noncertification - A formal decision, made through a plan's Utilization Review process, to deny coverage for a requested service.

PMPM - Per Member Per Month

POS/HMO (Point-of-Service HMO Plan) - A type of HMO plan that allows members to receive care for some services from any provider they choose, with the member bearing a higher out-of-pocket cost, such as a higher copayment.

PPO (Preferred Provider Organization) Benefit Plan - A health plan that offers members lower out-of-pocket costs when they receive care from providers in the plan's network. For a higher out-of-pocket cost, PPO plan members can receive care from out-of-network providers at any time for all covered services.

Pre-authorization - A plan's advance approval to obtain specified healthcare services.

Provider - A doctor, hospital or other health care professional or facility.

Provider Network - The doctors, hospitals and other health care professionals and facilities under contract with a health plan. These are called "in-network" or "participating" providers.

Primary Care Provider (PCP) - Doctors who provide general health care services. PCPs usually include family practitioners, general practitioners, pediatricians and internists. Some HMOs require members to obtain authorization from their PCP to obtain specialty care.

Utilization Review (UR) - The process by which a managed care plan assesses whether requested health care services are medically necessary and appropriate. The review is sometimes conducted prior to the services being rendered, so that the plan can approve or disapprove coverage in advance ("prospective review" or "preauthorization"). The review can also occur during the course of treatment ("concurrent review") or after treatment is completed ("retrospective review").

II. Introduction

About the North Carolina Department of Insurance

The North Carolina Department of Insurance is responsible for the protection of North Carolina citizens through the oversight and regulation of insurance companies and agents doing business in the state. In exercising its regulatory responsibilities, the Department seeks to ensure a marketplace in which consumers can readily purchase insurance from financially sound and responsive companies, at fair prices, for their lives, health and property. In addition to regulating the insurance industry, the Department also enforces safety codes and standards and administers a variety of programs aimed at loss prevention and safety education and awareness throughout the state. These activities are carried out by the Divisions of Engineering and Codes, Fire and Rescue, Manufactured Building, Prevention Programs and Grants and Special Services. Contact the Department to learn more about these safety and education activities. The Commissioner of Insurance, who is elected to the position every four years, heads the Department. North Carolina's current Commissioner of Insurance, Wayne Goodwin, is serving his first term since being elected in 2008. Commissioner Goodwin also serves as the State's Fire Marshal.

Data Sources

Unless otherwise noted, data presented in this report reflect plans' commercial-insured business only. "Commercial-insured" refers to those groups and individuals that pay premiums to an insurer, with the insurer accepting financial risk for the cost of covered healthcare services rendered over the course of the contract period. "Commercial-insured" excludes membership covered under self-funded employer plans, Federal plans, Medicare and Medicaid.

Annual Managed Care Data Filing: By May 1 of each year, all North Carolina licensed HMOs and PPO plans are required (under NCGS 58-3-191) to submit an annual managed care data filing to the Department's Managed Care and Health Benefits Division. The May 2010 filing, covering the 2009 calendar year, is the source for data in this report on county specific commercial-insured enrollment, utilization review activity, appeals, grievances and provider networks.

Annual Financial Statement: North Carolina law requires licensed HMOs to submit annual financial statements to the Department's Financial Evaluation Division by March 1 of each year. The March 2010 statement, covering the 2009 calendar year, is the source for data in this report on statewide commercial-insured enrollment, premium revenues, medical expenses, inpatient days and outpatient encounters.

Although licensed insurers offering PPO benefit plans file annual financial statements, financial data specific to their PPO lines of business are not reported separately. Therefore, the types of financial data listed above for HMOs are not available for PPO benefit plans.

Department of Insurance Records: The Department's own records are the source of data on consumer complaints HMO service areas and appeals that have been taken to External Review. Within this Report, the term "complaints" refers to written complaints sent by consumers and providers to the Department of Insurance, not "appeals" and "grievances" sent directly to HMOs and PPO plans.

The Department licenses HMOs for specific service areas (North Carolina counties), but indemnity insurance companies which offer PPO benefit plans are licensed to do business on a statewide basis. Therefore, service areas are not reported for PPO benefit plans.

The National Committee for Quality Assurance (NCQA): The NCQA evaluates and reports on the quality of HMOs across the nation. HMO participation in the NCQA accreditation program is voluntary. “Accreditation Outcomes” reported in the one-page HMO summaries were obtained from NCQA’s website (<http://hprc.ncqa.org/index.asp>) and were current as of 3/31/10. “Excellent” was the highest outcome a plan could receive; meaning the plan meets or exceeds NCQA’s requirements for consumer protection and quality improvement. Other possible ratings are (from highest to lowest) “Commendable,” “Accredited” and “Provisional.”

Other Managed Care Information Available from the Department of Insurance Publications

The following publications are available on the North Carolina Department of Insurance website, www.ncdoi.com.

2007 Annual Report: HEDIS® Supplement - Contains a comparison of HMOs in North Carolina based on selected HEDIS® data, including member satisfaction and clinical data. (Starting in 2008 HEDIS Supplements are no longer required.)

Guide to Appeals and Grievances - Contains information about the insurance consumer’s rights.

Guide to Health Insurance - Contains general information about managed care and traditional indemnity insurance.

Guide to External Review - Contains information on requesting an External Review of a plan’s final decision to deny a service.

Other Managed Care Data

The following information is available on the North Carolina Department of Insurance website, www.ncdoi.com.

HMO Information:

- Approved service area by HMO.
- Enrollment by county, by HMO (as of 12/31 of previous calendar year).
- Providers by county, by HMO (as of 12/31 of previous calendar year).
- Operational/performance data reported by HMOs annually, under authority of NCGS 58-3-191.
- HEDIS® data reported annually, under authority of NCGS 58-67-50(e).

PPO Carrier Information:

- List of PPO benefit plans.
- Enrollment by county, by PPO benefit plan.
- Operational/performance data reported by PPOs annually, under authority of NCGS 58-3-191.

III. 2009 HMO Activity

Licensed Full-Service HMOs in North Carolina

The number of licensed full-service HMOs in North Carolina peaked at 24 in 1997, and has decreased to 7 as of 12/31/09.

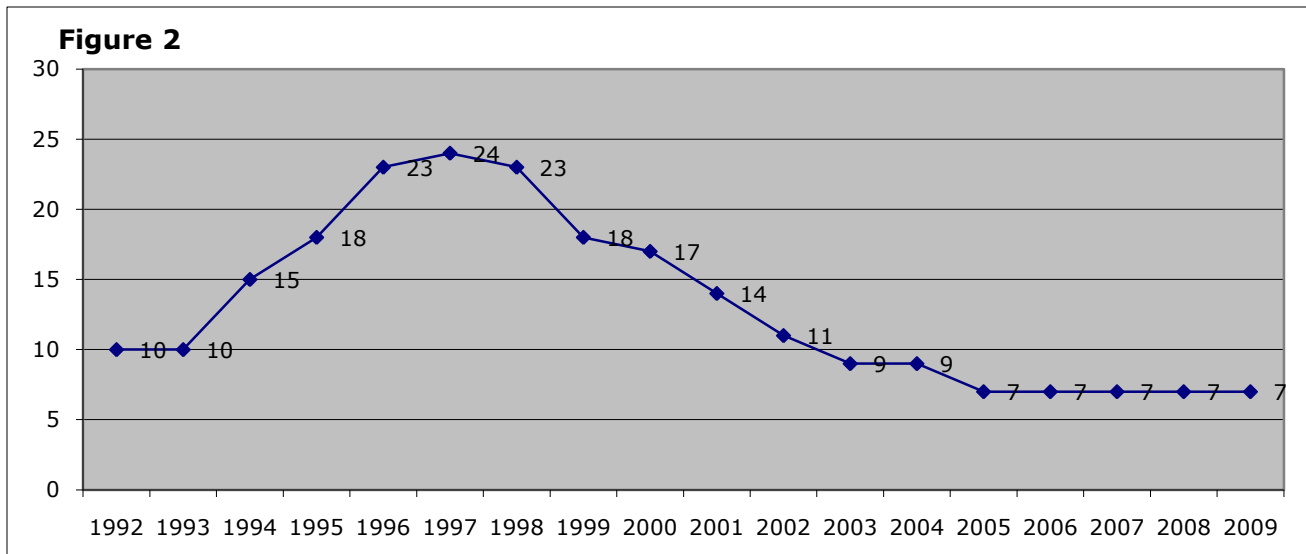
Licensed Full-Service HMOs: 12/31/09

Figure 1

Company Name	Short Name Used in Report
Aetna Health Care, Inc. (PA)	Aetna Health
Blue Cross Blue Shield of North Carolina	BCBSNC
CIGNA HealthCare of North Carolina, Inc.	CIGNA
FirstCarolinaCare, Inc.	FirstCarolinaCare
Partners National Health Plans of N. C., Inc.*	Partners
UnitedHealthCare of North Carolina, Inc.	UnitedHealth
WellPath Select, Inc.	WellPath

*Marketing a Medicare HMO product only
 Source: North Carolina Department of Insurance

Number of Licensed Full-Service HMOs: 1992-2009



Source: North Carolina Department of Insurance

Licensed Single-Service HMOs in North Carolina

Single-Service HMOs are licensed to sell HMO products related to a single-service product line such as dental or vision. However, most of these plans act as intermediaries offering their products through full-service HMOs rather than selling directly to individuals or groups.

Licensed Single-Service HMOs in North Carolina: 12/31/09

Figure 3

Company Name	President	Address	City	State	Zip Code	Phone	Enrollment as of 12/31/09
Aetna Dental Inc.	Patricia A. Farrell	Three Sugar Creek Center	Sugar Land	TX	77478	(800) 872-3862	25,279
American Dental Plan of North Carolina, Inc.	Kirk E. Rothrock	100 Mansell Court East, Ste. 400	Roswell	GA	30076	(800) 342-5209	DNR
CIGNA Dental Health of North Carolina, Inc.	Karen S. Rohan	1571 Sawgrass Corporate Pkwy, Suite 140	Sunrise	FL	33323	(800) 343-5845	19,935

Source: North Carolina Department of Insurance
 2009 Annual Managed Care Data Filings
 DNR - Did Not Report in time for publication

Aetna Health Care, Inc. (PA)

President: Robert Franzoi, Jr.
 Address: 980 Jolly Road, Blue Bell, PA 19422
 Phone: (800) 872-3862
 Member Toll Free: (800) 872-3862
 Most Recent Exam: 11/10/2004

Website: www.aetna.com
 Licensure in NC: 09/20/1995
 NCQA Accred. Status: Excellent
 Profit Status: For Profit

Enrollment at 12/31/09	
Enrollment Summary	
Type	Members
Commercial - Insured	13,916
Medicaid	0
Medicare	0
Total	13,916
Commercial - Insured Enrollment by Premium Category	
Type	Members
Group	13,898
Individual	18
Member Months	
Commercial Insured	155,808

Financial Results for 2009		
Item	Plan	Median*
Net Worth **	\$15,521,545	\$54,335,585
Pre-Tax Profit (Loss) **	(\$2,450,496)	\$6,757,856
Premiums Earned	\$51,146,204	\$71,082,900
Incurred for Health Care Services	\$47,148,980	\$56,408,000
Medical Loss Ratio	0.92	0.80
Premium PMPM	\$328.26	\$328.81

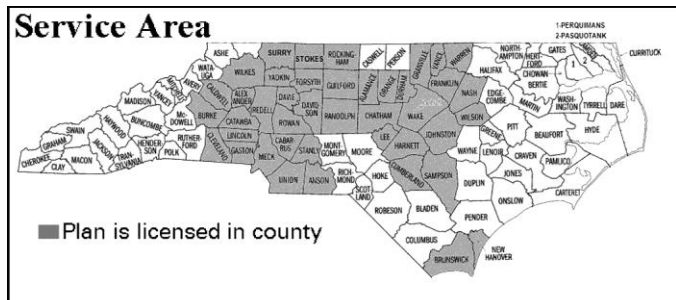
Member Encounter Data		
Item	Rate per 10,000 member months	Median*
Inpatient Days	174	177
Outpatient/Ambulatory	12,770	7,066

Grievances, Appeals and Complaints		
Item	Rate per 10,000 member months	Median*
1st Level UR Appeals	0.80	1.40
1st Level UR Grievances	1.90	2.50

Member Turnover		
Item	Percent	Median*
Membership Change 12/31/08 - 12/31/09	11.8%	-26.8%

Primary Care Provider Turnover		
Item	Providers	Median*
Resigning	27	96
Terminated by Plan	169	12
Added	591	545
Total as of 12/31/09	3,863	4,145

* Median for North Carolina HMOs
 ** HMO Financial data not limited to commercial-insured business; also includes Medicare, Medicaid and/or ASO business (if applicable)



Blue Cross Blue Shield of North Carolina

President: James B. Wilson
 Address: 5901 Chapel Hill Rd., Durham, NC 27707
 Phone: (919) 489-7431
 Member Toll Free: (800) 446-8053
 Most Recent Exam: 02/12/2010

Website: www.bcbsnc.com
 Licensure in NC: 09/02/1981
 NCQA Accred. Status:
 Profit Status: Not For Profit

Enrollment at 12/31/09	
Enrollment Summary	
Type	Members
Commercial - Insured	15,967
Medicaid	0
Medicare	0
Total	15,967
Commercial - Insured Enrollment by Premium Category	
Type	Members
Group	15,967
Individual	0
Member Months	
Commercial Insured	221,475

Financial Results for 2009		
Item	Plan	Median*
Net Worth **	\$2,807,637,702	\$54,335,585
Pre-Tax Profit (Loss) **	\$113,258,034	\$6,757,856
Premiums Earned	\$72,946,124	\$71,082,900
Incurred for Health Care Services	\$56,884,103	\$56,408,000
Medical Loss Ratio	0.78	0.80
Premium PMPM	\$329.37	\$328.81

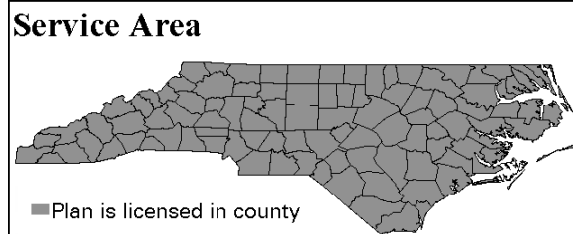
Member Encounter Data		
Item	Rate per 10,000 member months	Median*
Inpatient Days	201	177
Outpatient/Ambulatory	3,685	7,066

Grievances, Appeals and Complaints		
Item	Rate per 10,000 member months	Median*
1st Level UR Appeals	0.90	1.40
1st Level UR Grievances	1.30	2.50

Member Turnover		
Item	Percent	Median*
Membership Change 12/31/08 - 12/31/09	-56.0%	-26.8%

Primary Care Provider Turnover		
Item	Providers	Median*
Resigning	135	96
Terminated by Plan	9	12
Added	289	545
Total as of 12/31/09	3,975	4,145

* Median for North Carolina HMOs
 ** HMO Financial data not limited to commercial-insured business; also includes Medicare, Medicaid and/or ASO business (if applicable)



CIGNA HealthCare of North Carolina, Inc.

President: Charles Pitts
 Address: 701 Corporate Center Dr., Raleigh, NC 27607
 Phone: (704) 556-5800
 Member Toll Free: (860) 726-6050
 Most Recent Exam: 03/29/2009

Website: www.cigna.com
 Licensure in NC: 04/18/1986
 NCQA Accred. Status: Excellent
 Profit Status: For Profit

Enrollment at 12/31/09	
Enrollment Summary	
Type	Members
Commercial - Insured	14,184
Medicaid	0
Medicare	0
Total	14,184
Commercial - Insured Enrollment by Premium Category	
Type	Members
Group	14,184
Individual	0
Member Months	
Commercial Insured	186,737

Financial Results for 2009		
Item	Plan	Median*
Net Worth **	\$19,112,163	\$54,335,585
Pre-Tax Profit (Loss) **	\$4,055,882	\$6,757,856
Premiums Earned	\$69,219,676	\$71,082,900
Incurred for Health Care Services	\$55,931,897	\$56,408,000
Medical Loss Ratio	0.81	0.80
Premium PMPM	\$370.68	\$328.81

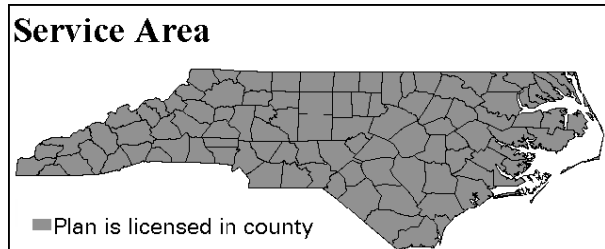
Member Encounter Data		
Item	Rate per 10,000 member months	Median*
Inpatient Days	164	177
Outpatient/Ambulatory	5,310	7,066

Grievances, Appeals and Complaints		
Item	Rate per 10,000 member months	Median*
1st Level UR Appeals	0.60	1.40
1st Level UR Grievances	4.00	2.50

Member Turnover		
Item	Percent	Median*
Membership Change 12/31/08 - 12/31/09	-33.5%	-26.8%

Primary Care Provider Turnover		
Item	Providers	Median*
Resigning	57	96
Terminated by Plan	58	12
Added	752	545
Total as of 12/31/09	5,506	4,145

* Median for North Carolina HMOs
 ** HMO Financial data not limited to commercial-insured business; also includes Medicare, Medicaid and/or ASO business (if applicable)



FirstCarolinaCare Insurance Company, Inc.

President: Kenneth J. Lewis
 Address: 42 Memorial Drive, Pinehurst, NC 28374
 Phone: (910) 715-8100
 Member Toll Free: (800) 574-8556
 Most Recent Exam: 06/23/2006

Website: www.firstcarolinacare.com
 Licensure in NC: 11/13/1996
 NCQA Accred. Status:
 Profit Status: For Profit

Enrollment at 12/31/09	
Enrollment Summary	
Type	Members
Commercial - Insured	7,125
Medicaid	0
Medicare	0
Total	7,125
Commercial - Insured Enrollment by Premium Category	
Type	Members
Group	7,125
Individual	0
Member Months	
Commercial Insured	88,333

Financial Results for 2009		
Item	Plan	Median*
Net Worth **	\$16,171,040	\$54,335,585
Pre-Tax Profit (Loss) **	(\$1,115,260)	\$6,757,856
Premiums Earned	\$28,318,388	\$71,082,900
Incurred for Health Care Services	\$24,669,560	\$56,408,000
Medical Loss Ratio	0.87	0.80
Premium PMPM	\$320.59	\$328.81

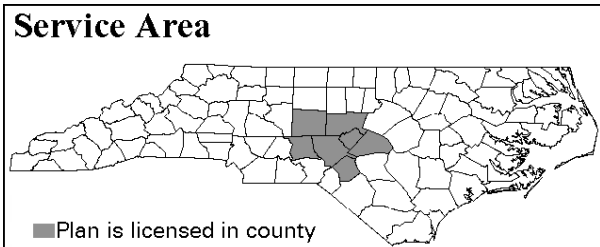
Member Encounter Data		
Item	Rate per 10,000 member months	Median*
Inpatient Days	181	177
Outpatient/Ambulatory	9,532	7,066

Grievances, Appeals and Complaints		
Item	Rate per 10,000 member months	Median*
1st Level UR Appeals	1.90	1.40
1st Level UR Grievances	0.60	2.50

Member Turnover		
Item	Percent	Median*
Membership Change 12/31/08 - 12/31/09	-18.5%	-26.8%

Primary Care Provider Turnover		
Item	Providers	Median*
Resigning	3	96
Terminated by Plan	0	12
Added	20	545
Total as of 12/31/09	266	4,145

* Median for North Carolina HMOs
 ** HMO Financial data not limited to commercial-insured business; also includes Medicare, Medicaid and/or ASO business (if applicable)
 Financial data used on this page and others reflect Company's HMO membership and 1,233 PPO plan members



PARTNERS National Health Plans of North Carolina, Inc.

Note: Partners National Health Plans of North Carolina, Inc. has merged with Blue Cross and Blue Shield of North Carolina (BCBSNC). Please refer to the BCBSNC information on page 10 for current licensure, leadership and contact information.

Enrollment at 12/31/09	
Enrollment Summary	
Type	Members
Commercial - Insured	0
Medicaid	0
Medicare	47,210
Total	47,210
Commercial - Insured Enrollment by Premium Category	
Type	Members
Group	0
Individual	0
Member Months	
Commercial Insured	0

Financial Results for 2009		
Item	Plan	Median*
Net Worth **	\$248,339,096	\$54,335,585
Pre-Tax Profit (Loss) **	\$9,154,878	\$6,757,856
Premiums Earned	NA	\$71,082,900
Incurred for Health Care Services	NA	\$56,408,000
Medical Loss Ratio	NA	0.80
Premium PMPM	NA	\$328.81

Member Encounter Data		
Item	Rate per 10,000 member months	Median*
Inpatient Days	NA	177
Outpatient/Ambulatory	NA	7,066

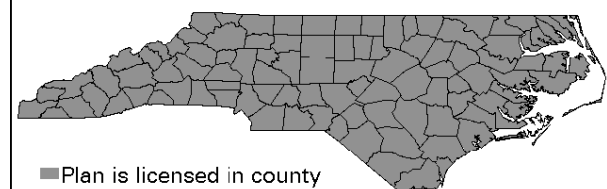
Grievances, Appeals and Complaints		
Item	Rate per 10,000 member months	Median*
1st Level UR Appeals	NA	1.40
1st Level UR Grievances	NA	2.50

Member Turnover		
Item	Percent	Median*
Membership Change 12/31/08 - 12/31/09	NA	-26.8%

Primary Care Provider Turnover		
Item	Providers	Median*
Resigning	NA	96
Terminated by Plan	NA	12
Added	NA	545
Total as of 12/31/09	NA	4,145

* Median for North Carolina HMOs
 ** HMO Financial data not limited to commercial-insured business; also includes Medicare, Medicaid and/or ASO business (if applicable)
 *** Marketing a Medicare HMO product only
 NA: Not Applicable

Service Area



UnitedHealthCare of North Carolina, Inc.

President: Garland Scott, III
 Address: 3803 N. Elm St., Greensboro, NC 27455
 Phone: (860) 720-9147
 Member Toll Free: (800) 318-7689
 Most Recent Exam: 03/28/2005

Website: www.unitedhealthcare.com
 Licensure in NC: 05/21/1985
 NCQA Accred. Status: Excellent
 Profit Status: For Profit

Enrollment at 12/31/09	
Enrollment Summary	
Type	Members
Commercial - Insured	16,405
Medicaid	0
Medicare	66,384
Total	82,789
Commercial - Insured Enrollment by Premium Category	
Type	Members
Group	16,384
Individual	67
Member Months	
Commercial Insured	258,287

Financial Results for 2009		
Item	Plan	Median*
Net Worth **	\$233,121,148	\$54,335,585
Pre-Tax Profit (Loss) **	\$55,708,915	\$6,757,856
Premiums Earned	\$103,604,403	\$71,082,900
Incurred for Health Care Services	\$76,677,905	\$56,408,000
Medical Loss Ratio	0.74	0.80
Premium PMPM	\$401.12	\$328.81

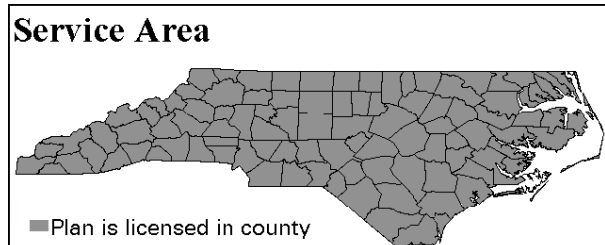
Member Encounter Data		
Item	Rate per 10,000 member months	Median*
Inpatient Days	203	177
Outpatient/Ambulatory	8,823	7,066

Grievances, Appeals and Complaints		
Item	Rate per 10,000 member months	Median*
1st Level UR Appeals	2.70	1.40
1st Level UR Grievances	4.30	2.50

Member Turnover		
Item	Percent	Median*
Membership Change 12/31/08 - 12/31/09	-50.1%	-26.8%

Primary Care Provider Turnover		
Item	Providers	Median*
Resigning	256	96
Terminated by Plan	8	12
Added	498	545
Total as of 12/31/09	4,315	4,145

* Median for North Carolina HMOs
 ** HMO Financial data not limited to commercial-insured business; also includes Medicare, Medicaid and/or ASO business (if applicable)



WellPath Select, Inc

President: Tracy H. Baker
 Address: 2801 Slater Rd.; Ste 200, Morrisville NC 27560
 Phone: (919) 337-1907
 Member Toll Free: (866) 935-7284
 Most Recent Exam: 01/16/2004

Website: www.wellpathonline.com
 Licensure in NC:10/26/1995
 NCQA Accred. Status:
 Profit Status: For Profit

Enrollment at 12/31/09	
Enrollment Summary	
Type	Members
Commercial - Insured	56,687
Medicaid	0
Medicare	0
Total	58,687
Commercial - Insured Enrollment by Premium Category	
Type	Members
Group	38,760
Individual	19,927
Member Months	
Commercial Insured	765,358

Financial Results for 2009		
Item	Plan	Median*
Net Worth **	\$54,335,585	\$54,335,585
Pre-Tax Profit (Loss) **	\$6,757,856	\$6,757,856
Premiums Earned	\$203,629,906	\$71,082,900
Incurred for Health Care Services	\$162,000,103	\$56,408,000
Medical Loss Ratio	0.80	0.80
Premium PMPM	\$266.06	\$328.81

Member Encounter Data		
Item	Rate per 10,000 member months	Median*
Inpatient Days	118	177
Outpatient/Ambulatory	3,630	7,066

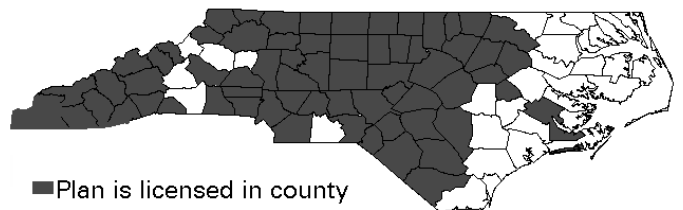
Grievances, Appeals and Complaints		
Item	Rate per 10,000 member months	Median*
1st Level UR Appeals	1.90	1.40
1st Level UR Grievances	3.00	2.50

Member Turnover		
Item	Percent	Median*
Membership Change 12/31/08 - 12/31/09	-20.0%	-26.8%

Primary Care Provider Turnover		
Item	Providers	Median*
Resigning	241	96
Terminated by Plan	14	12
Added	1,367	545
Total as of 12/31/09	4,384	4,145

* Median for North Carolina HMOs
 ** HMO Financial data not limited to commercial-insured business; also includes Medicare, Medicaid and/or ASO business (if applicable)

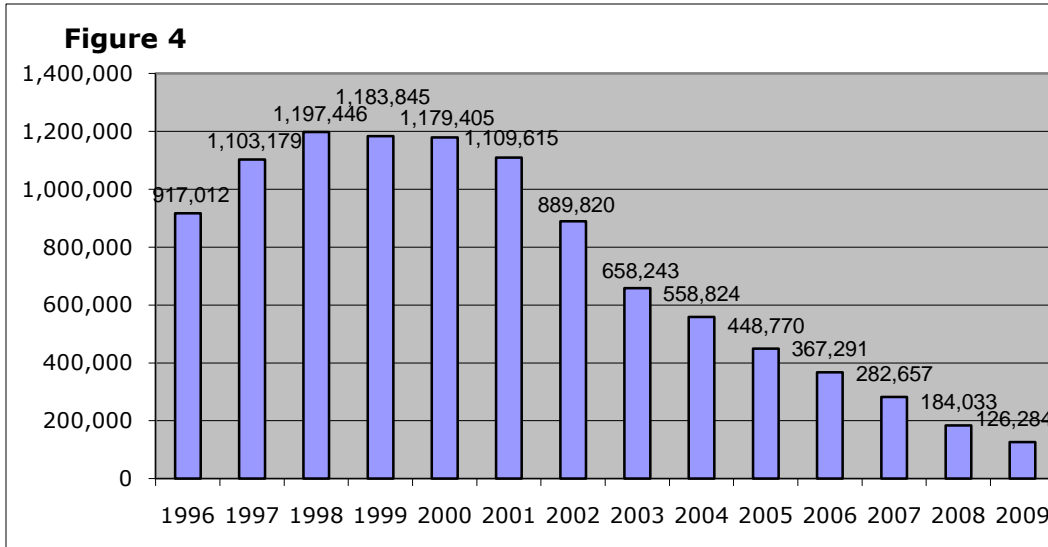
Service Area



Comparative Charts and Tables

A. Enrollment, Market Share and Member Turnover

Statewide HMO Enrollment: 12/31/96 - 12/31/09



HMOs are required to report enrollment figures to the Department of Insurance. Figures 4-11 illustrate HMO enrollment trends in North Carolina.

Source: Annual Managed Care Data Filings (1996-1999), Annual Financial Statement (2000-2009)

Statewide Market Share, by HMO: 12/31/09

Figure 5 Source: 2009 Annual Financial Statements

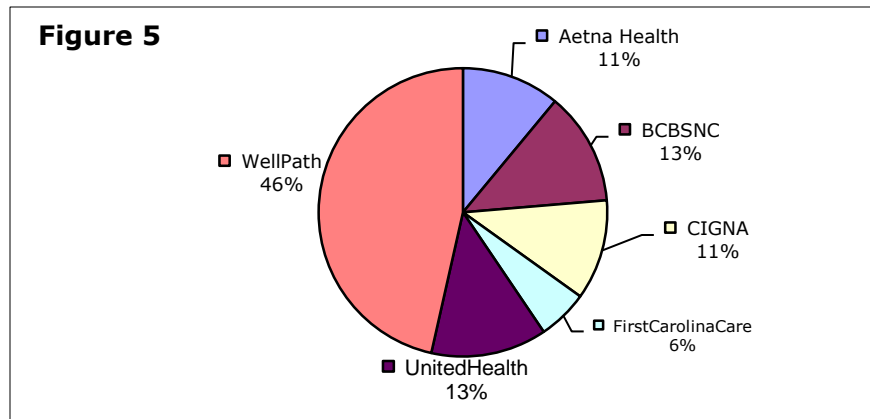


Figure 6

HMO	Enrollment	Percent of Covered Lives
Aetna Health	13,916	11%
BCBSNC	15,967	13%
CIGNA	14,184	11%
FirstCarolinaCare	7,125	6%
UnitedHealth	16,405	13%
WellPath	58,687	46%
TOTAL	126,284	100%

Figure 6 Source: 2009 Annual Financial Statements

HMO Market Share in Triangle MSA: 12/31/09
Figure 7

HMO	Enrollment	Percent of Covered Lives
Aetna Health	3,875	14.1%
BCBSNC	4,534	16.5%
CIGNA	3,859	14.0%
FirstCarolinaCare	107	0.4%
UnitedHealth	3,663	13.3%
WellPath	11,510	41.8%
TOTAL	27,548	100.0%

HMO Market Share in Triad MSA: 12/31/09
Figure 8

HMO	Enrollment	Percent of Covered Lives
Aetna Health	533	2.9%
BCBSNC	2,876	15.6%
CIGNA	3,881	21.0%
FirstCarolinaCare	49	0.3%
UnitedHealth	5,916	32.0%
WellPath	5,206	28.2%
TOTAL	18,461	100.0%

Figure 7 and 8 Source: 2009 Annual Managed Care Data Filings

HMO Market Share in Charlotte MSA: 12/31/09
Figure 9

HMO	Enrollment	Percent of Covered Lives
Aetna Health	8,112	20.9%
BCBSNC	2,979	7.7%
CIGNA	1,013	2.6%
FirstCarolinaCare	10	0.0%
UnitedHealth	1,388	3.6%
WellPath	25,380	65.3%
TOTAL	38,882	100.0%

HMO Market Share in Other MSA: 12/31/09
Figure 10

HMO	Enrollment	Percent of Covered Lives
Aetna Health	98	0.7%
BCBSNC	2,325	15.9%
CIGNA	3,760	25.7%
FirstCarolinaCare	51	0.3%
UnitedHealth	2,879	19.6%
WellPath	5,542	37.8%
TOTAL	14,655	100.0%

Figure 9 and 10 Source: 2009 Annual Managed Care Data Filings

HMO Market Share in non-Metro MSA: 12/31/09
Figure 11

HMO	Enrollment	Percent of Covered Lives
Aetna Health	1,014	4.8%
BCBSNC	3,046	14.5%
CIGNA	1,495	7.1%
FirstCarolinaCare	5,577	26.6%
UnitedHealth	2,014	9.6%
WellPath	7,847	37.4%
TOTAL	20,993	100.0%

Source: 2009 Annual Managed Care Data Filings

Member turnover refers to the number of members who joined or left a health plan in 2009. Since most people receive their health insurance through an employer group plan, the decision to change health plans is usually made by the employer and not by the individual member. Therefore, member turnover does not necessarily reflect member dissatisfaction with a health plan. Turnover can also occur when people move or change jobs, when they find a plan with better benefits or lower cost, or for a variety of other reasons.

Figure 12 shows the number of HMO members enrolled in each plan in 2009. The last column shows the percentage of change (up or down) from 2008 to 2009.

HMO Member Turnover: 2009

Figure 12

HMO	# Added in 2009	# That Left in 2009	Total on 12/31/09	% Change: 12/31/08 to 12/31/09
Aetna Health	7,139	5,600	14,634	11.8%
BCBSNC	2,683	23,005	15,967	-56.0%
CIGNA	1,707	8,857	14,184	-33.5%
FirstCarolinaCare	1,239	2,575	5,883	-18.5%
UnitedHealth	1,828	17,942	16,071	-50.1%
WellPath	12,440	27,122	58,687	-20.0%

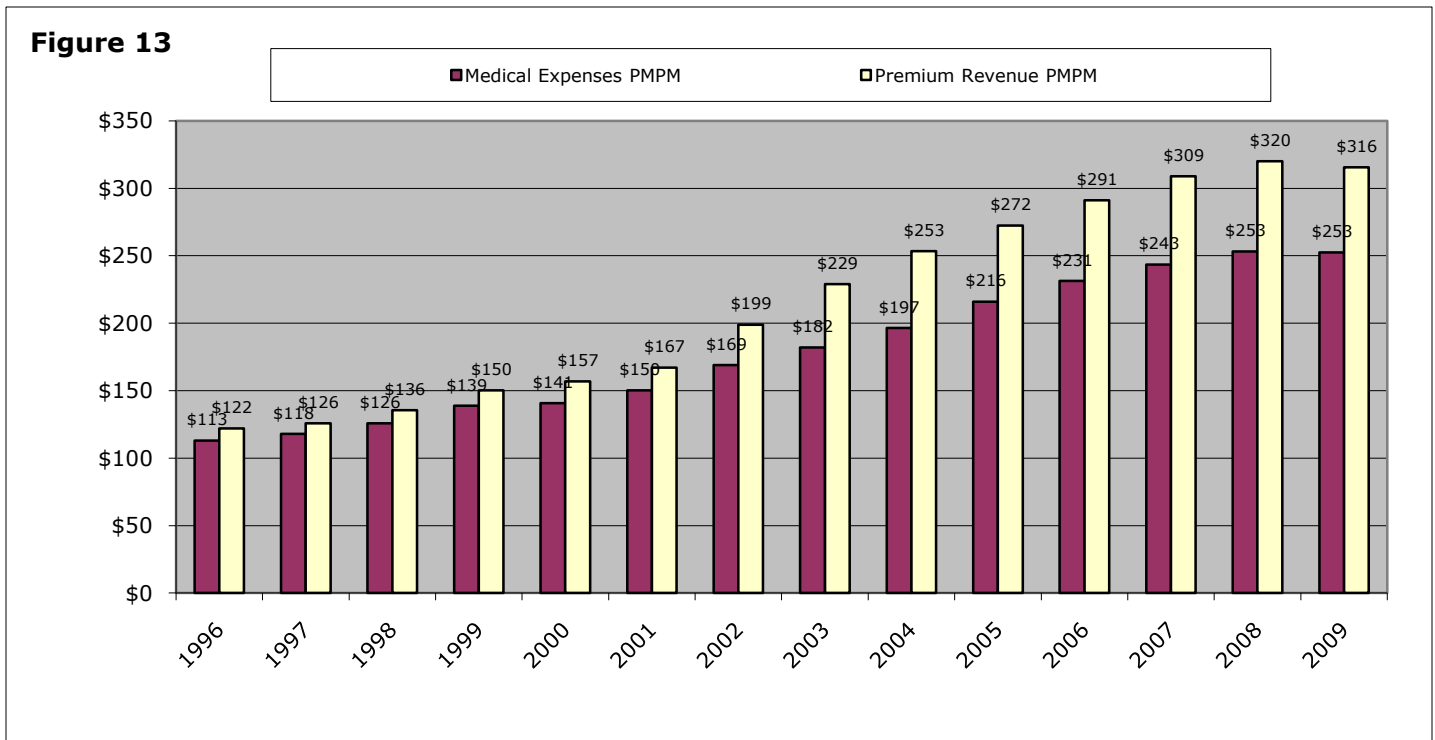
Source: 2009 Annual Managed Care Data Filings

B. HMO Premium Revenues and Medical Expenses

All North Carolina HMOs are required to submit an annual financial report (the “Annual Statement”) to the Department’s Financial Evaluation Division. Based on a template developed by the National Association of Insurance Commissioners (NAIC), the Annual Statement gives plans across the country a standardized financial reporting format, and greatly facilitates the evaluation of an HMO’s solvency and financial condition.

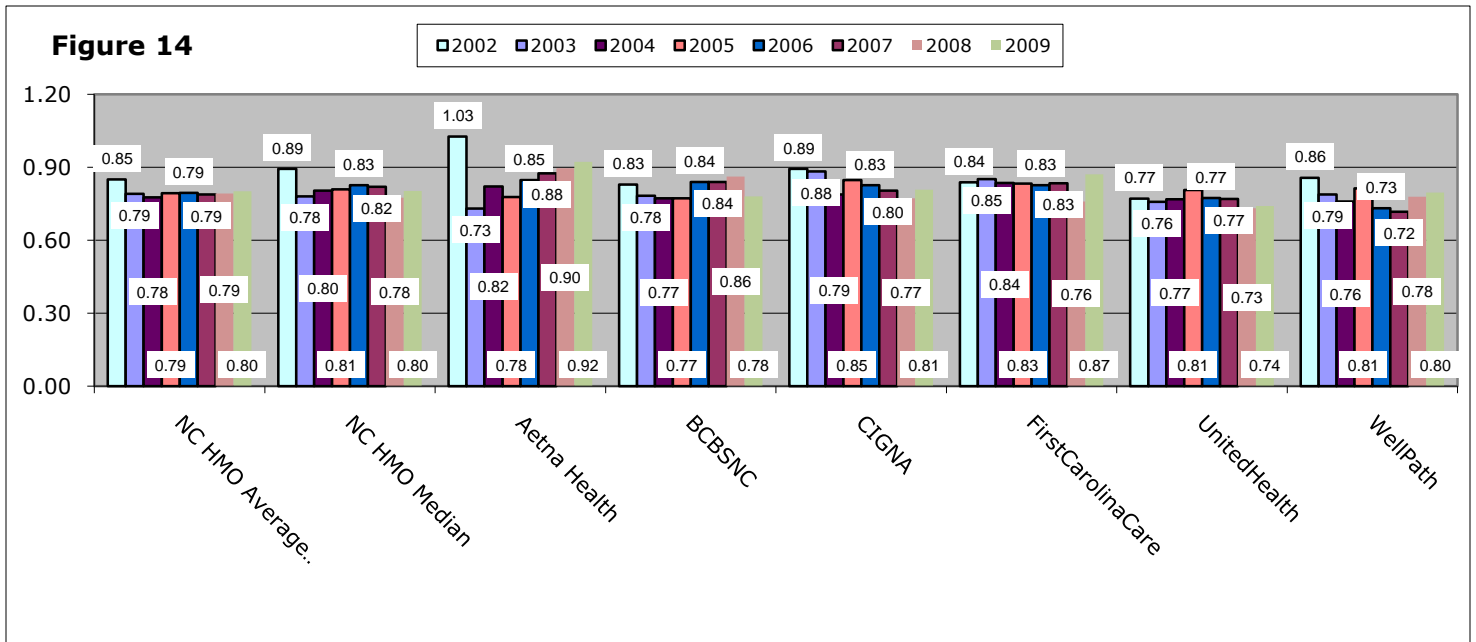
Note: The one-page profiles that are contained in Section III of this Report contain additional financial statistics for each HMO.

Statewide HMO Medical Expenses and Premium Revenues: 1996-2009



Source: Annual Financial Statements (1996-2009)

Medical Loss Ratio, by HMO: 2002-2009



Source: Annual Financial Statements (2002-2009)

C. HMO Inpatient/Outpatient Encounter Data

The amount of health care services used by an HMO’s members can be affected by numerous factors, many of which are beyond the HMO’s control (e.g., covered members’ ages, gender, socioeconomic levels, community practice standards, etc.).

Inpatient Days Per 10,000 Member Months, by HMO: 2009

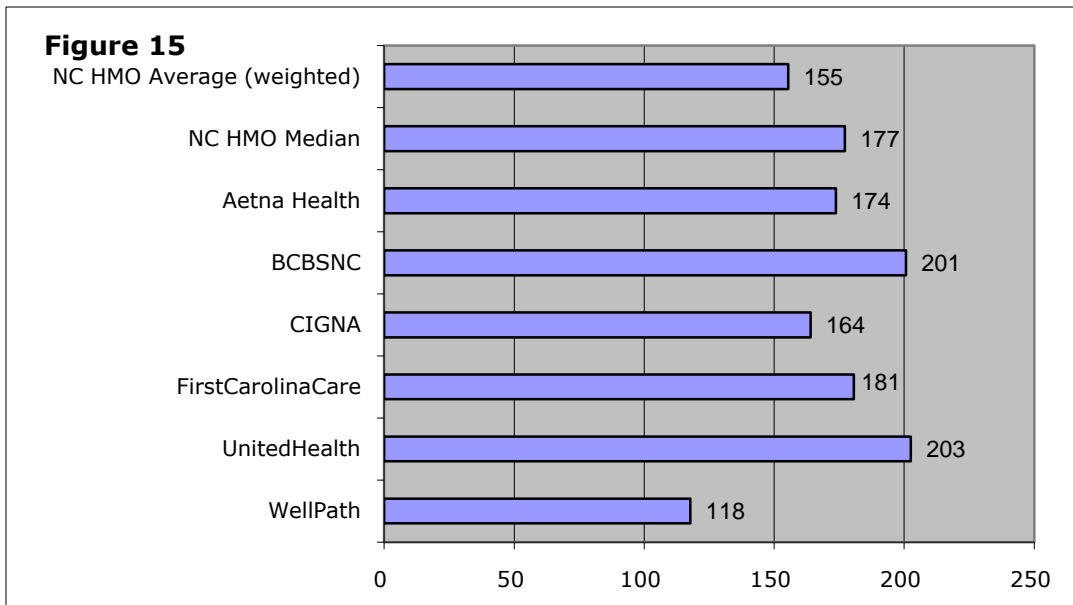


Figure 15 Source: 2009 Annual Financial Statements

When comparing utilization statistics for several plans, therefore, it is important to consider several possible explanations for whatever differences you might see. For example, if HMO “A” has a higher inpatient utilization rate than HMO “B,” then HMO

“A” might be relatively ineffective at managing chronic conditions. Another possibility, however, is that HMO “A” has a relatively high proportion of adult female members, leading to a higher incidence of maternity stays. It is important to remember that the quantity of health care services provided does not necessarily reflect the quality of an HMO’s delivery system.

Note: Additional utilization statistics can be found on the one-page HMO profiles located in Section III.

Outpatient Encounters per 10,000 Member Months, by HMO: 2009

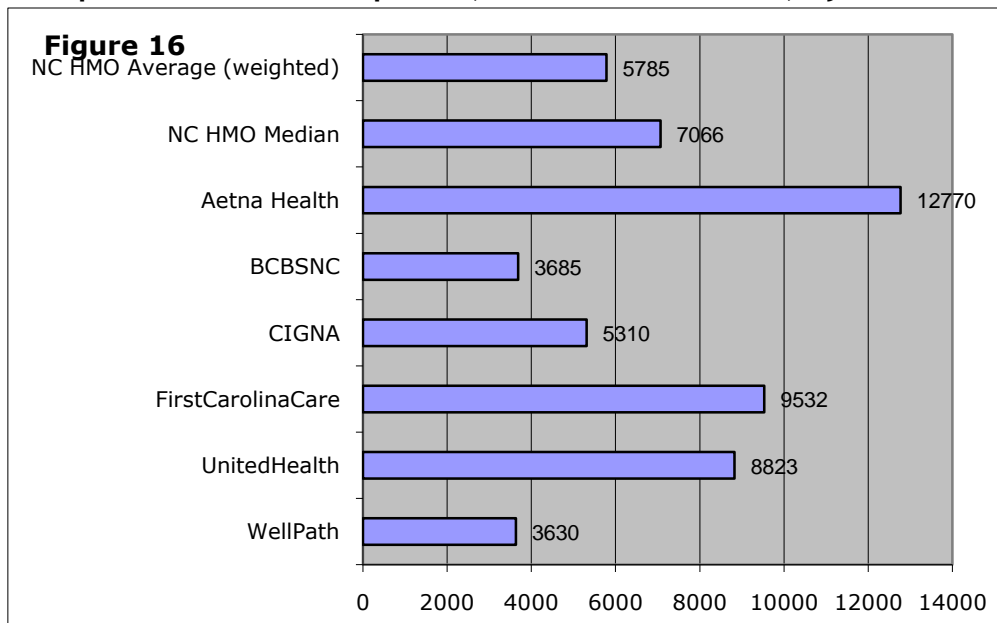


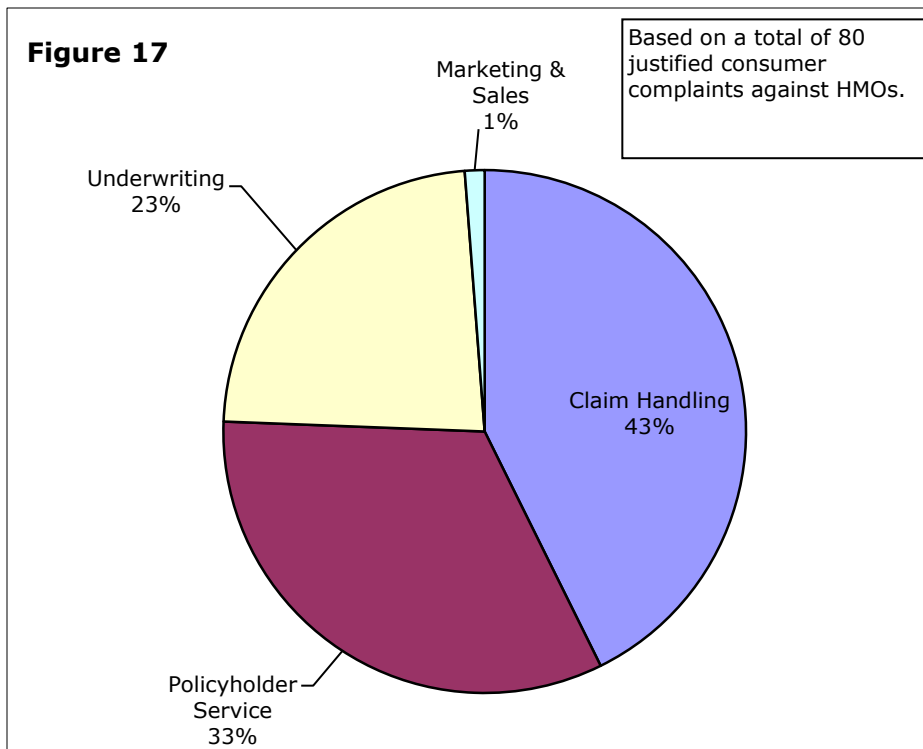
Figure 16 Source: 2009 Annual Financial Statements

D. Complaints Received by the Department of Insurance

North Carolina law requires managed care plans to offer a formal grievance process to their members. However, managed care plan members may file complaints with the Department’s Consumer Services Division, whether or not the plan’s grievance process has been utilized. Consumer Services reviews and investigates each complaint to determine whether the plan has violated applicable State insurance laws, regulations and/or terms of the policy contract; if the insurer is found to have committed such violations or to have otherwise been at fault, then the complaint is termed “confirmed.” If no violations and/or fault are found, then Consumer Services will advise the complainant to use the plan’s internal appeal/grievance process if he/she has not already exhausted that option. The Department takes appropriate regulatory action to require companies to correct any incidences of non-compliance.

Using data provided by the Department’s Consumer Services Division, the two charts below show a breakdown of justified 2009 consumer complaints by complaint reason (Figure 17) and the rate of confirmed consumer complaints against each HMO during 2009 (Figure 18).

“Confirmed” NCDI Consumer Complaints Against North Carolina HMOs, by Reason: 2009



Source: NC Department of Insurance.

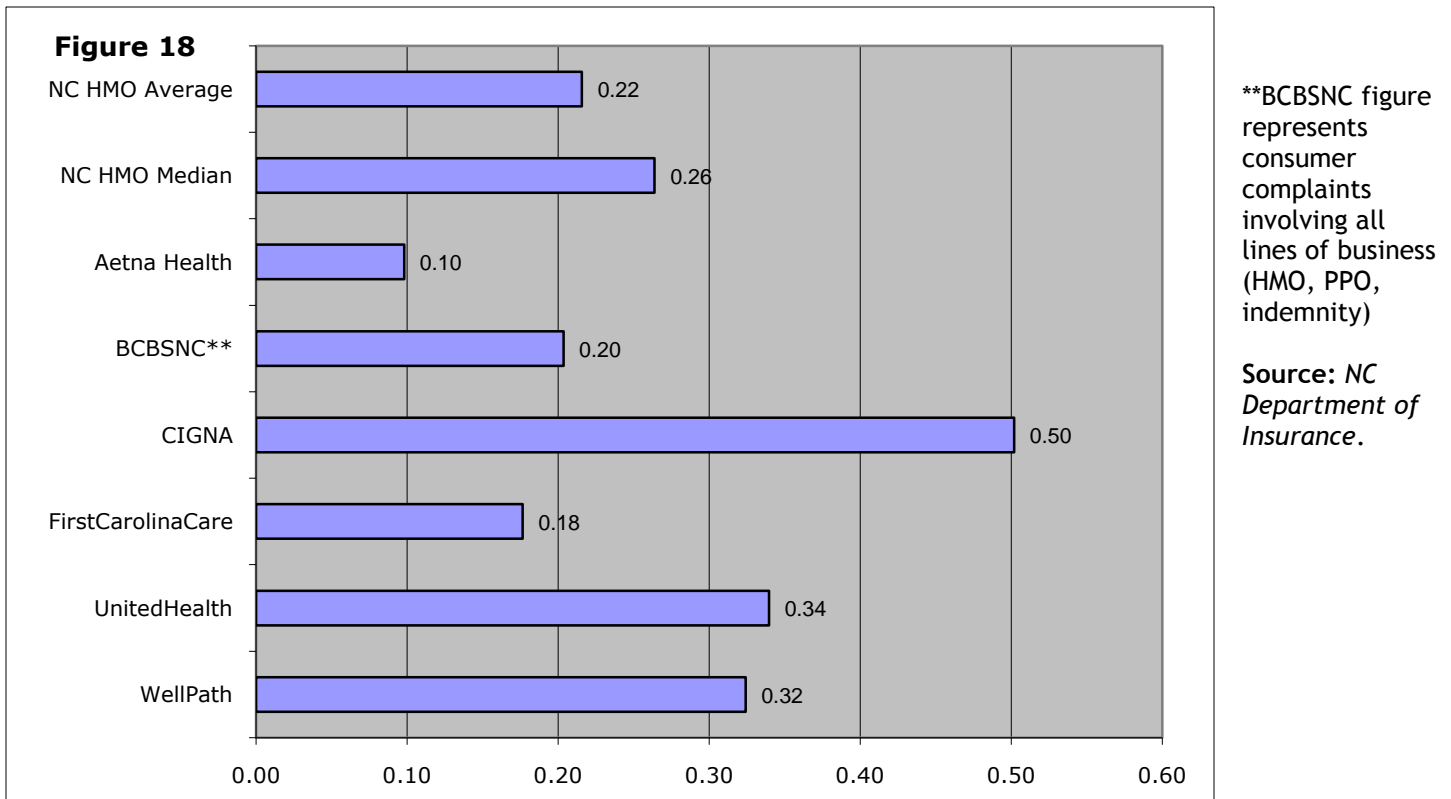
Notes:

Claim Handling - Complaints related to claims payment amounts, denial, delay, assignment of benefits, coordination of benefits, etc.

Policyholder Service - Complaints related to customer service, access to care, quality of care, etc.
 Underwriting - Complaints related premiums/rating, cancellation, non-renewal, discrimination, etc.

Marketing & Sales - Complaints related marketing, advertising, agent conduct, etc.

Consumer Complaints Against North Carolina HMOs, per \$1,000,000 of Direct Premium: 2009



E. HMO Utilization Review and Appeals

Managed care plans evaluate requests for health care services through a process known as utilization review. Under NCGS 58-50-61(a)(17), “utilization review” (UR) is defined as a set of formal techniques designed to monitor the use of or evaluate the clinical necessity, appropriateness, efficacy, or efficiency of health care services, procedures, providers, or facilities. UR can occur before services are rendered (prospective review), while services are ongoing (concurrent review) or after services have been delivered (retrospective review). UR usually involves direct communication between the health plan and the member’s provider of care.

North Carolina law requires a health plan’s UR decisions to be based on sound medical information, and to be made within specified time frames. When a health plan determines that a requested service does not meet the plan’s requirements for medical necessity, appropriateness, effectiveness, health care setting or level of care, the plan must issue a noncertification notice to the member and provider. A physician licensed in North Carolina must review all noncertification decisions. North Carolina law also requires a noncertification notice to include:

- why the service was denied;
- instructions for filing an appeal of the plan’s decision; and
- instructions for requesting a copy of the plan’s utilization review criteria.

A more detailed description of member appeal rights can be found in “Guide to Appeals and Grievances.” See page 6 of this Report for information on how to obtain that guide and other publications.

Comparison of the percentage of utilization reviews that resulted in noncertifications is one way to compare health plans of different sizes. The table below shows utilization reviews and noncertification percentages for licensed HMOs in North Carolina.

Percentage of Utilization Reviews Resulting in Noncertification, by HMO: 2009

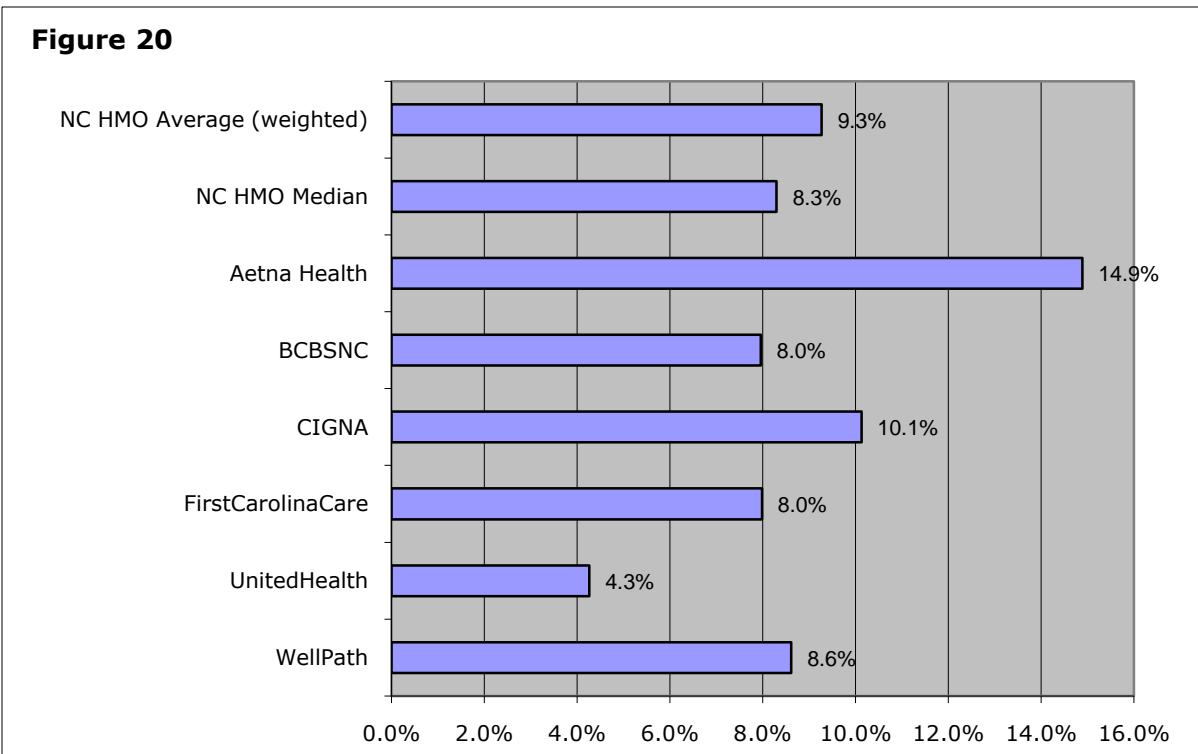
Figure 19

HMO	# of Reviews Performed	% of Reviews Resulting in Noncertification
NC HMO Average (weighted)	12,909	9.3%
NC HMO Median	5,519	8.3%
Aetna Health	4,264	14.9%
BCBSNC	3,367	8.0%
CIGNA	37,592	10.1%
FirstCarolinaCare	4,635	8.0%
UnitedHealth	6,403	4.3%
WellPath	21,194	8.6%

Source: 2009 Annual Managed Care Data Filings

Using data from the table, Figure 20 shows the percentage of each plan’s utilization reviews that resulted in a noncertification.

Percentage of Utilization Reviews Resulting in Noncertification, by HMO: 2009



Source: 2009 Annual Managed Care Data Filings

When a managed care plan denies coverage for a service based on utilization review, the member has the right to file an appeal asking the health plan to reconsider the denial (noncertification). A member may also file a second-level appeal of a denial if they are not satisfied with the outcome of the first appeal (if a managed care plan waives the second-level appeal process, then the member may take his/her case directly to External Review, as described in the next section). Due to the small number of second-level appeals filed by members during 2009, only first-level appeal data are presented in this Report.

Figure 21 shows the number of first-level appeals of non-certifications and the percentage of first-level appeals resolved in members' favor for each North Carolina HMO.

Percentage of First-Level Appeals Resolved in Members' Favor, by HMO: 2009

Figure 21

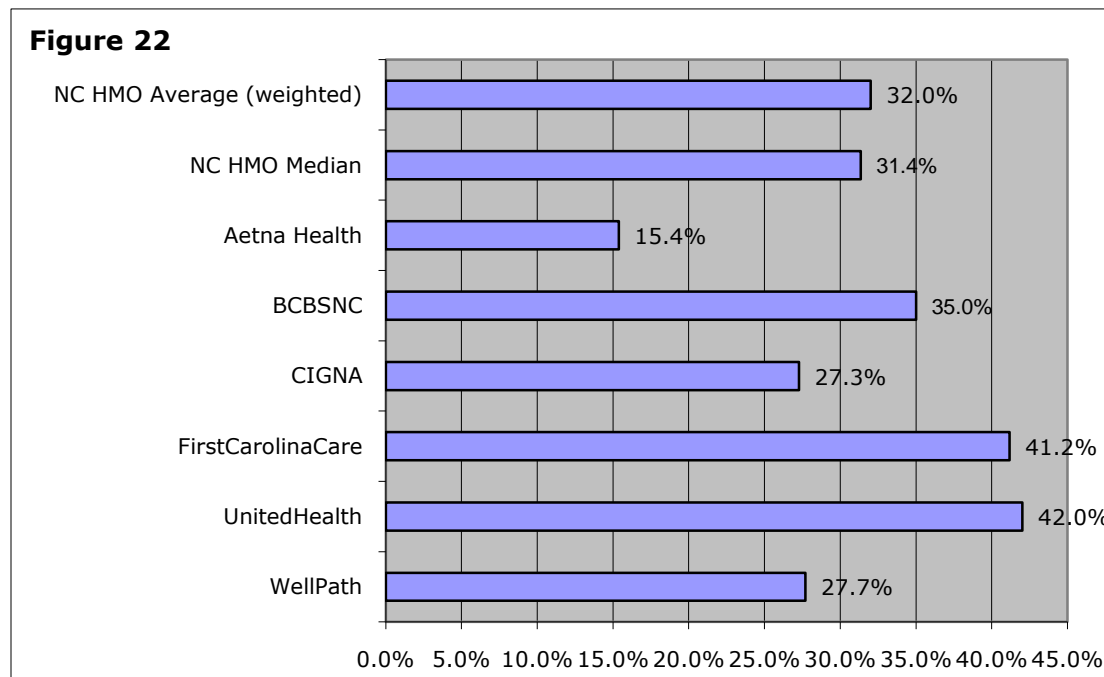
HMO	# of Noncertifications Appealed	% of Appeals Resolved in Member's Favor
NC HMO Average (weighted)	46	32.0%
NC HMO Median	19	31.4%
Aetna Health	13	15.4%
BCBSNC	20	35.0%
CIGNA	11	27.3%
FirstCarolinaCare	17	41.2%
UnitedHealth	69	42.0%
WellPath	148	27.7%

Source: 2009 Annual Managed Care Data Filings

Using data from the table, Figure 22 shows the percentage of each HMO's first-level appeals resolved in the members' favor.

Percentage of First-Level Appeals Resolved in Members' Favor, by HMO: 2009

Figure 22



Source: 2009 Annual Managed Care Data Filings

F. External Review

If an insurance company denies coverage on the basis that the services are not medically necessary, and if the member exhausts all available appeal options with the insurer, then the member may submit a request (to the North Carolina Department of Insurance) for an “external review” of his/her case. An external review is an independent review of the denial and offers another option for resolving coverage disputes with the insurer. For cases that meet eligibility requirements, expert medical professionals who have no association with the insurance company perform the external review. If an external review finds that the denial was wrong, then the insurance company will be required to pay for the services. *(Detailed information on the External Review program can be found in the “Consumer” section of the North Carolina Department of Insurance website.)*

External Reviews, by HMO: 2009

Figure 23

HMO	# of Cases Received During 2009	# of Reviews Upholding HMO's Denial	# of Reviews Overturning HMO's Denial	# of Denials Reversed by HMO Prior to or During Review
Aetna Health	0	NA	NA	NA
BCBSNC	1	1	0	0
CIGNA	0	NA	NA	NA
FirstCarolinaCare	0	NA	NA	NA
UnitedHealth	3	0	3	0
WellPath	4	2	1	1

NA = Not Applicable (no external review cases received during 2009)

Source: North Carolina Department of Insurance

G. HMO Grievances

In addition to noncertification appeals (see page 22), members may also file complaints about most other policies, decisions or actions of the health plan or its providers. As defined in 58-50-61(a)(6), these complaints, called “grievances,” may be about claims handling, the quality or availability of providers, the requirements or services of the health plan or anything else that may have caused a member to be dissatisfied. The health plan must issue a written decision within 30 days of receiving a grievance, and the decision letter must inform the member that a second-level grievance review may be requested if the first-level decision is not satisfactory. Due to the small number of second-level grievances filed by members during 2009, only first-level grievance data are presented in this Report.

Not all grievances result from unfair policies or incorrect decisions by HMOs. For example, a member’s complaint might have resulted from his/her not following the HMO’s procedures for obtaining services. Therefore, the number or rate of grievances received does not necessarily indicate the quality of an HMO or the satisfaction level of its members.

A more detailed description of member grievance rights can be found in “Guide to Appeals and Grievances.” See page 6 of this Report for information on how to obtain that Guide and other publications.

The rate of grievances per 10,000 member months allows comparison between plans of different sizes. For example, a rate of 37 means that during 2009, a plan received 37 first-level grievances per 10,000 member months. Figure 24 shows the total number of first-level grievances received by each HMO and the rate of grievances received per 10,000 member months.

First-Level Grievances per 10,000 Member Months, by HMO: 2009

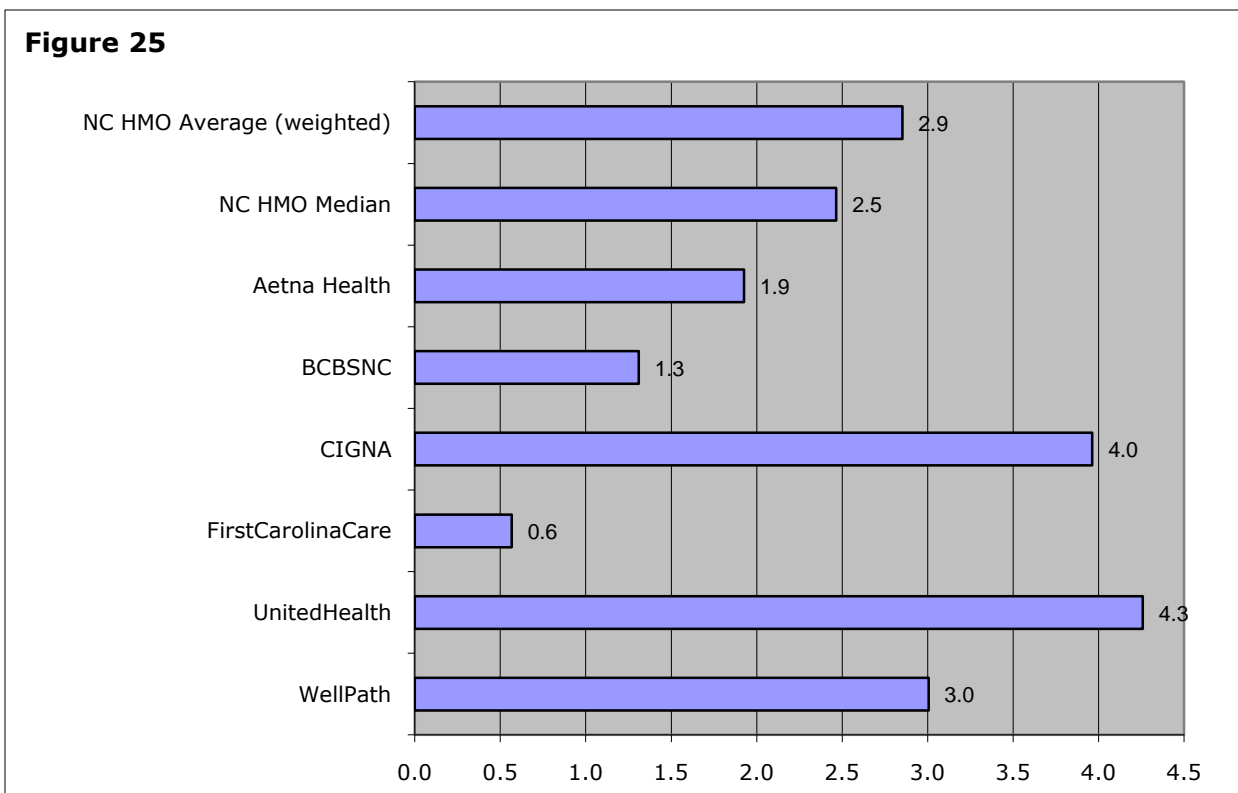
Figure 24

HMO	# of Grievances Received	Grievances per 10,000 Member Months
NC HMO Average (weighted)	80	2.9
NC HMO Median	52	2.5
Aetna Health	30	1.9
BCBSNC	29	1.3
CIGNA	74	4.0
FirstCarolinaCare	5	0.6
UnitedHealth	110	4.3
WellPath	230	3.0

Source: 2009 Annual Managed Care Data Filings

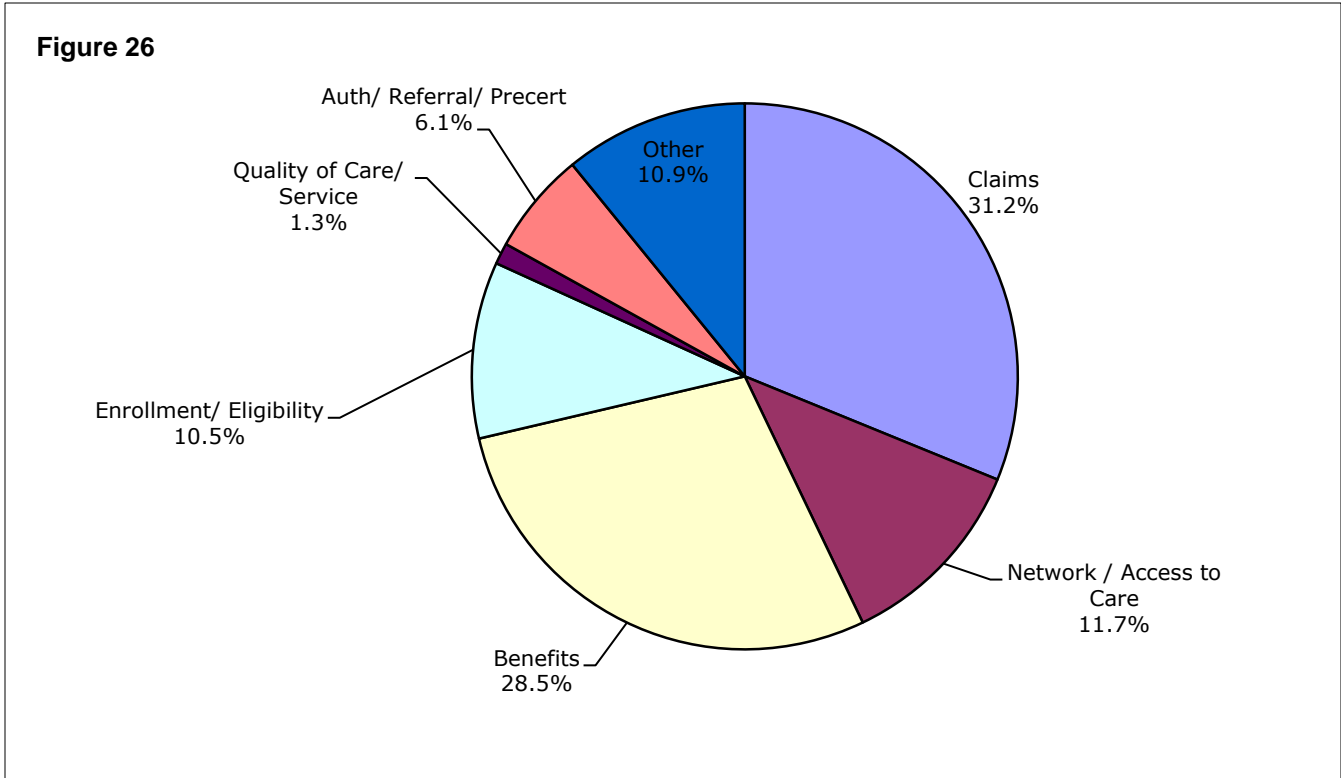
Using data from the table, Figure 25 shows the rate of grievances received by HMOs, per 10,000 member months.

First-Level Grievances per 10,000 Member Months, by HMO: 2009



Source: 2009 Annual Managed Care Data Filings

First-Level Grievances, by Reason: 2009



Source: 2009 Annual Managed Care Data Filings

Percentage of First-Level Grievances Resolved in Members' Favor, by HMO: 2009

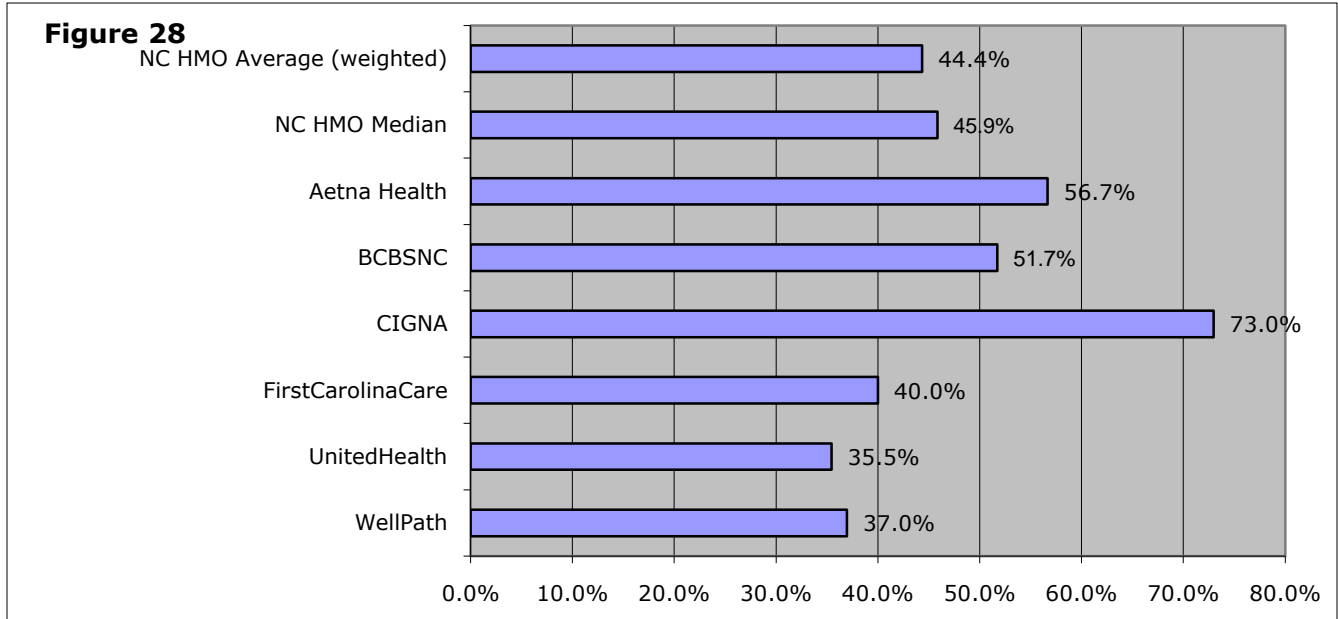
Figure 27

HMO	Percent (X)
NC HMO Average (weighted)	44.4%
NC HMO Median	45.9%
Aetna Health	56.7%
BCBSNC	51.7%
CIGNA	73.0%
FirstCarolinaCare	40.0%
UnitedHealth	35.5%
WellPath	37.0%

Source: 2009 Annual Managed Care Data Filings

Using data from the table, Figure 28 shows the percent of first-level grievances resolved in members favor by HMOs in 2009.

Percentage of First-Level Grievances Resolved in Members' Favor, by HMO: 2009



Source: 2009 Annual Managed Care Data Filings

H. HMO Provider Network Summary

Since HMO members are required to obtain their health care services from “in-network” providers, and since HMO/POS members are given strong financial incentives to do so, it is essential that these provider networks include enough providers with sufficient locations and appointment availability to adequately serve covered members. HMOs are required to establish standards for provider appointment availability and geographic accessibility and to monitor their networks with respect to those standards.

The table below shows the 2009 Geographic Accessibility standards established by each HMO in 2009, expressed as the number of providers within a specific driving distance (example: “2:10” indicates a standard of 2 providers within 10 miles of each covered member).

Geographic Provider Accessibility Standards, by HMO: 2009

Figure 29

HMO	Area	PCP	Ped.'s	OB/Gyn	Specialist MDs	Non-MDs	Acute Facilities	Outpatient Facilities	MH/CD (Psychiatrists)	MH/CD (non-MD)	Acute Facilities (MH/CD)
Aetna Health	Urban	1:30; 85% of the time	1:30; 85% of the time	1:30; 75% of the time	1:60; 75% of the time	1:60; 75% of the time	1:30; 75% of the time	1:60; 75% of the time	1:10; 90% of the time	1:10; 90% of the time	1:25; 90% of the time
Aetna Health	Suburban								1:10; 90% of the time	1:10; 90% of the time	1:25; 90% of the time
Aetna Health	Rural								1:40; 90% of the time	1:40; 90% of the time	1:45; 90% of the time
BCBSNC	High Urbanization	1:15	1:15	1:15	1:30 or 1:45	1:30	1:45	1:45	1:30	1:30	1:60
BCBSNC	Low Urbanization	1:30	1:30	1:30	1:60 or 1:90	1:60	1:90	1:90	1:60	1:60	1:60
CIGNA	Urban	2:8	2:8	2:15	2:15	2:15	1:20	1:20	1:15; 95% of the time	1:15; 98% of the time	1:20; 80% of the time
CIGNA	Suburban	2:10	2:10	2:20	2:20	2:20	1:25	1:25	1:15; 95% of the time	1:15; 98% of the time	1:20; 80% of the time
CIGNA	Rural	2:12	2:12	2:30	2:30	2:30	1:30	1:30	1:25; 85% of the time	1:25; 90% of the time	1:30; 80% of the time
FirstCarolinaCare, Inc.	Rural	1:30	1:30	1:30	1:45	NA	1:50	1:75	1:45	1:45	1:75
UnitedHealthCare	Urban	2:8	2:8	2:8	1:60	1:50	1:50	1:50	1:10; 90% of the time	1:10; 90% of the time	1:15; 90% of the time
UnitedHealthCare	Suburban	2:15	2:15	2:15	1:60	1:50	1:50	1:50	1:20; 90% of the time	1:20; 90% of the time	1:30; 90% of the time
UnitedHealthCare	Rural	2:30	2:30	2:30	1:60	1:90	1:90	1:90	1:45; 90% of the time	1:30; 90% of the time	1:60; 90% of the time
WellPath Select, Inc.	Urban	1:15	1:15	1:15	1:30 or 1:45	1:30	1:45	1:45	1:10	1:10	1:25
WellPath Select, Inc.	Suburban	1:15	1:15	1:15	1:30 or 1:45	1:30	1:45	1:45	1:25	1:25	1:40
WellPath Select, Inc.	Rural	1:30	1:30	1:30	1:60 or 1:85	1:60	1:90	1:90	1:40	1:40	1:60

Note: HMOs are not required to have separate standards for urban vs. suburban vs. rural areas

NA = Not Applicable (company does not maintain a separate standard for this category)

Source: 2009 Annual Managed Care Data Filings

Physician turnover refers to the number of physicians who joined or left an HMO provider network during 2009. Physician turnover occurs when participation contracts between physicians and plans are terminated. Contract termination can be initiated by physicians or by plans.

Some reasons a physician might resign from a plan include:

- Dissatisfaction with the amount or method of payment.
- Disagreement with the plan's medical guidelines.
- Decisions to participate with only certain health plans or with no managed care plans.
- Dissatisfaction with the plan's administrative requirements.
- Retired or moved from the plan's service area.

Some reasons a health plan may terminate a physician include:

- Member complaints about the physician or physician staff.
- Concerns about the quality of care provided by the physician.
- Physician failure to follow the plan's administrative requirements.
- Plan decided to limit the number of physicians in the network.

Figure 30 shows the percentage of turnover from December 31, 2008, to December 31, 2009, for four categories of physicians in each HMO's network: Primary Care Physicians (PCP), Obstetrician-Gynecologists (OB/GYN), Pediatricians and Specialists. Within each physician category, the table indicates the number that left the plan's network involuntarily (terminated by the plan), the number that left voluntarily (resigned from the network), the number that joined the plan's network and the percent change in network size from December 31, 2008 to December 31, 2009. *Physician turnover is reported in this Report for HMOs only.*

Physician Turnover, by HMO: 2009

Figure 30

PCP				
HMO	# Terminated by Plan in 2009	# Resigned in 2009	# Added in 2009	% Change: 12/31/08 to 12/31/09
Aetna Health	169	27	591	11.4%
BCBSNC	9	135	289	3.7%
CIGNA	58	57	752	15.8%
FirstCarolinaCare	0	3	20	6.8%
UnitedHealth	8	256	498	5.7%
WellPath	14	241	1,367	34.0%

OB/GYN				
HMO	# Terminated by Plan in 2009	# Resigned in 2009	# Added in 2009	% Change: 12/31/08 to 12/31/09
Aetna Health	21	3	70	5.5%
BCBSNC	3	63	76	0.5%
CIGNA	0	0	44	4.4%
FirstCarolinaCare	0	0	3	3.9%
UnitedHealth	1	75	94	1.9%
WellPath	3	64	236	21.9%

Pediatricians				
HMO	# Terminated by Plan in 2009	# Resigned in 2009	# Added in 2009	% Change: 12/31/08 to 12/31/09
Aetna Health	60	14	97	2.0%
BCBSNC	0	52	87	2.3%
CIGNA	0	0	201	15.3%
FirstCarolinaCare	0	1	5	2.1%
UnitedHealth	1	74	113	3.2%
WellPath	1	66	254	19.6%

Specialists				
HMO	# Terminated by Plan in 2009	# Resigned in 2009	# Added in 2009	% Change: 12/31/08 to 12/31/09
Aetna Health	132	53	1,039	13.8%
BCBSNC	20	408	1,154	6.6%
CIGNA	88	167	882	8.2%
FirstCarolinaCare	1	3	36	4.6%
UnitedHealth	6	510	945	5.5%
WellPath	36	310	1,310	17.9%

Source: 2009 Annual Managed Care Data Filings

IV. 2009 PPO Plan Activity

PPO benefit plans are products offered by licensed indemnity carriers. Figure 31 shows the licensed indemnity carriers that reported offering full-service PPO Benefit Plans in North Carolina, as of 12/31/09.

Licensed Insurers Reporting Membership Full-Service PPO Benefit Plans in North Carolina

As of 12/31/09

Figure 31

Name of PPO Plan Carrier	Address	City	State	Zip	Phone	Enrollment as of 12/31/09	Percent of Total
Aetna Life Insurance Company	151 Farmington Avenue	Hartford	CT	06156	(860)273-0123	16,018	1.5%
American Heritage Life Insurance Company	1776 American Heritage Life Drive	Jacksonville	FL	32224	(800)521-3535	20,963	1.9%
American Medical Security Life Insurance Company	P. O. Box 19032	Green Bay	WI	54307-9032	(800)232-5432	1,796	0.2%
American National Insurance Company	One Moody Plaza	Galveston	TX	77550	(800)899-6806	4	0.0%
American National Life Insurance Company of Texas	One Moody Plaza	Galveston	TX	77550	(800)899-6806	844	0.1%
American Republic Insurance Company	P. O. Box 1	Des Moines	IA	50301	(800)247-2190	1,779	0.2%
BlueCross & BlueShield of North Carolina	P.O. Box 2291	Durham	NC	27702	(800)446-8053	881,244	81.0%
Celtic Insurance Company	233 S. Wacker Drive, Suite #700	Chicago	IL	60606-6393	(800)477-7870	5,344	0.5%
Connecticut General Life Insurance Company	Two Liberty Place, 1601 Chestnut St. TL14A	Philadelphia	PA	19192	(215)761-1000	14,283	1.3%
Continental General Insurance Company	11200 Lakeline Blvd., Suite 100	Austin	TX	78717	(800)456-7866	132	0.0%
Coventry Health and Life Insurance Company	6705 Rockledge Drive, Suite 900	Bethesda	MD	20817	(800)743-8421	29,535	2.7%
Federated Mutual Insurance Company	121 East Park Square	Owatonna	MN	55060	(800)241-4945	2,539	0.2%
First Health Life & Health Insurance Company	3200 Highland Avenue	Downers Grove	IL	60515	(800)445-1425	DNR	
FirstCarolinaCare Insurance Company, Inc.	42 Memorial Drive	Pinehurst	NC	28374	(910)715-8112	1,246	0.1%
Golden Rule Insurance Company	7440 Woodland Drive	Indianapolis	IN	46278	(618)943-8000	6,834	0.6%
Guardian Life Insurance Company of America	7 Hanover Square	New York	NY	10004	(610)807-7299	9,922	0.9%
Humana Insurance Company	500 W. Main Street	Louisville	KY	40202	(800)664-4140	626	0.1%
Independence American Insurance Company	485 Madison Ave. 14th Floor	New York	NY	10022	(212)355-4141	DNR	
John Alden Life Insurance Company	501 West Michigan, P.O. Box 3050	Milwaukee	WI	53201	(800)327-7771	5,338	0.5%
Madison National Life Insurance Company, Inc.	P.O. Box 5008	Madison	WI	53705	(800)356-9601	DNR	
Mega Life and Health Insurance Company	9151 Boulevard 26	North Richland Hills	TX	76180	(800)527-5504	3,876	0.4%
Mid-West National Life Insurance Company of	9151 Boulevard 26	North Richland Hills	TX	76180	(800)527-5504	798	0.1%

MANAGED CARE IN NORTH CAROLINA: REPORT AND ANALYSIS OF 2009 ACTIVITY

Tennessee							
National Foundation Life Insurance Company	801 Cherry St., Unit 33	Fort Worth	TX	76102	(800)221-9039	1,260	0.1%
National Union Fire Insurance Company of Pittsburg, PA.	175 Water Street, 18th Floor	New York	NY	10038	(212) 770-7000	52,658	4.8%
North Carolina Mutual Life Insurance Company	411 West Chapel Hill St.	Durham	NC	27701-3616	(800)647-2114	0	0.0%
Principal Life Insurance Company	711 High Street	Des Moines	IA	50392	(800)554-3398	6,578	0.6%
Standard Life & Accident Insurance Company	One Moody Plaza, 8th Floor	Galveston	TX	77550	(800)899-6806	109	0.0%
Standard Security Life Insurance Company of New York	485 Madison Avenue, 14th Fl	New York	NY	10022	(212)355-4141	DNR	
Time Insurance Company	501 West Michigan St., P.O. Box 3050	Milwaukee	WI	53201	(800)800-1212	11,048	1.0%
Trustmark Insurance Company (Mutual)	400 Field Drive	Lake Forest	IL	60045-2581	(800)366-6663	26	0.0%
Trustmark Life Insurance Company	400 Field Drive	Lake Forest	IL	60045-2581	(800)366-6663	3,559	0.3%
UniCARE Life & Health Insurance Company	233 S. Wacker Drive, Suite 3900	Chicago	IL	60606	(800)705-7988	5,281	0.5%
Union Security Insurance Company	P. O. Box 419052	Kansas City	MO	64141-6052	(866)866-4488	347	0.0%
United HealthCare Insurance Company	450 Columbus Blvd.	Hartford	CT	06103	(860)720-9147	1,067	0.1%
World Insurance Company	P.O. Box 3160	Omaha	NE	68103-0160	(800)786-7557	2,683	0.2%

DNR = Did Not Report Required data

Source: *North Carolina Department of Insurance
2009 Annual Managed Care Data Filings*

Due to differences in the laws and reporting requirements that apply to HMOs vs. indemnity carriers, some of the data presented in the HMO section of this Report are not available for PPO benefit plans. For example, an insurance company files an annual financial statement to report its overall financial condition, but this statement does not contain data focused solely on the company's PPO product. Similarly, only HMOs are subject to the annual HEDIS/CAHPS reporting requirement under NCGS 58-67-50(e). Conversely, both HMOs and PPO carriers are subject to the annual managed care data reporting requirements set forth in NCGS 58-3-191 (covering utilization review activity, grievances, provider networks, and other operational data).

Licensed Insurers Offering Single-Service PPO Benefit Plans in North Carolina

As of 12/31/09

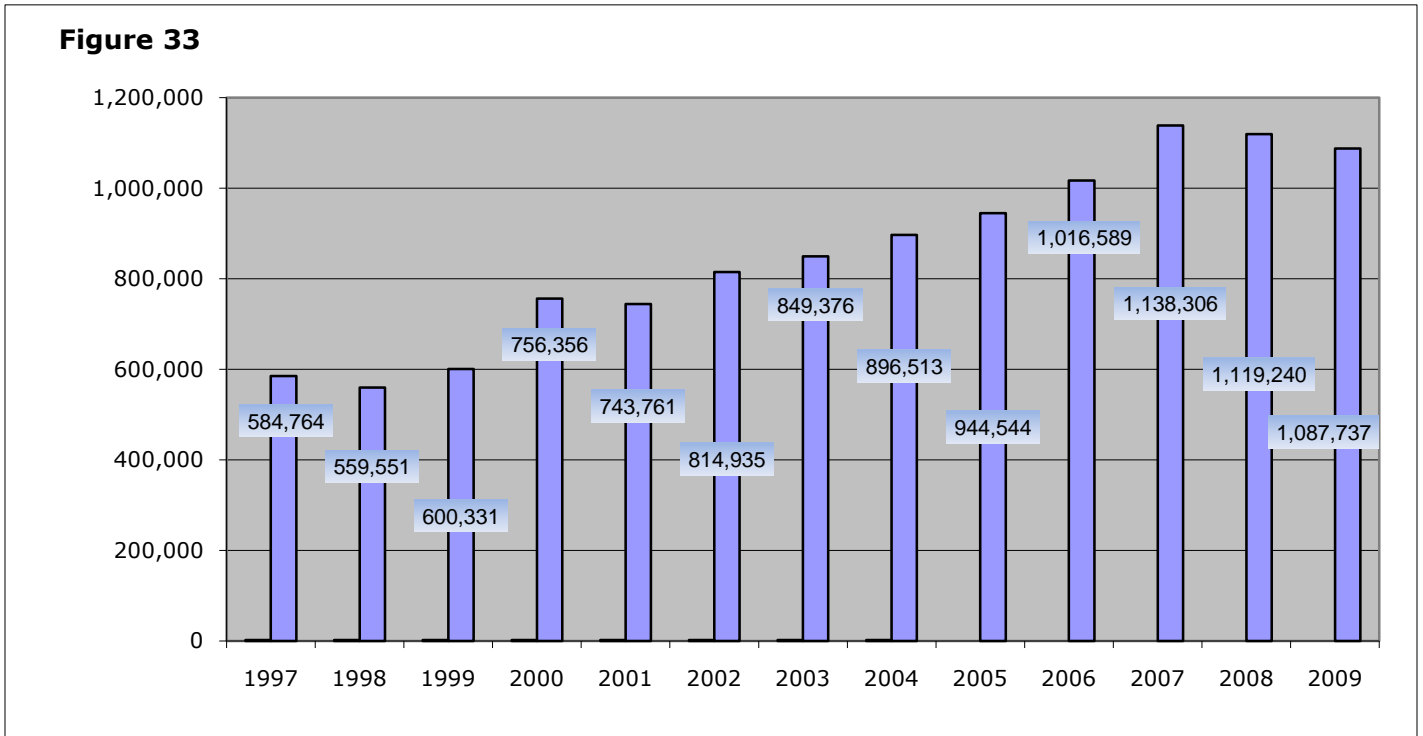
Figure 32 Source: North Carolina Department of Insurance 2009 Annual Managed Care Data Filings

Name of PPO Plan Carrier	Type	Address	City	State	Zip	Phone	Enrollment as of 12/31/09
Aetna Life Insurance Company	Dental	151 Farmington Avenue	Hartford	CT	06156	(800)872-3862	12,019
AIG Life Insurance Company	Dental	P. O. Box 1591	Houston	TX	77281	(800)231-3655	4,971
AIG Life Insurance Company	Vision	P. O. Box 1591	Houston	TX	77281	(800)231-3655	1,704
Ameritas Life Insurance Corp.	Dental	P. O. Box 81889	Lincoln	NE	88501	(800)745-6665	227,983
Ameritas Life Insurance Corp.	Vision	P. O. Box 81889	Lincoln	NE	88501	(800)745-6665	66,488
Combined Insurance Company of America	Vision	1000 N. Milwaukee Avenue	Glenview	IL	60025	(800)225-4500	6,938
Companion Life Insurance Company	Vision	7909 Parklane Road, Suite 200	Columbia	SC	29223	(800)753-0404	4
CompBenefits Insurance Company	Vision	100 Mansell Court East, Ste. 400	Roswell	GA	30076	(800)633-1262	DNR
Connecticut General Life Insurance Company	Dental	Two Liberty Place, 1601 Chestnut St. TL14A	Philadelphia	PA	19192	(215)761-1000	468,127
Fidelity Security Life Insurance Company	Vision	3130 Broadway	Kansas City	MO	64111	(800)648-8624	61,909
First Health Life & Health Insurance Company	Dental	3200 Highland Avenue	Downers Grove	IL	60515	(800)445-1425	DNR
Golden Rule Insurance Company	Dental	7440 Woodland Drive	Indianapolis	IN	46278	(618)943-8000	47
Guardian Life Insurance Company of America	Dental	7 Hanover Square	New York	NY	10004	(610)807-7299	90,627
HM Life Insurance Company	Vision	P. O. Box 535061	Pittsburgh	PA	15253-3099	(800)328-5433	8,736
HumanaDental Insurance Company	Dental	1100 Employers Blvd.	Green Bay	WI	54344	(800)558-4444	60
Mega Life and Health Insurance Company	Vision	9151 Boulevard 26	North Richland Hills	TX	76180	(800)527-5504	2,976
Metropolitan Life Insurance Company	Dental	18210 Crane Nest Drive, 3rd Floor	Tampa	FL	33647	(814)269-8605	192,572
Mid-West National Life Insurance Company of Tennessee	Vision	9151 Boulevard 26	North Richland Hills	TX	76180	(800)527-5504	4,934
National Guardian Life Insurance Company	Dental	2 E. Gilman St., P. O.Box 1191	Madison	WI	53701	(800)548-2962	7,617
National Guardian Life Insurance Company	Vision	2 E. Gilman St., P. O.Box 1191	Madison	WI	53701	(800)548-2962	275,612
National Union Fire Insurance Company of Pittsburg, PA.	Vision	175 Water Street, 18th Floor	New York	NY	10038	(212)770-7000	2,946
Principal Life Insurance Company	Dental	711 High Street	Des Moines	IA	50392	(800)554-3398	30,055
Reliance Standard Life Insurance Company	Dental	2001 Market Street Suite 1500	Philadelphia	PA	19103-7000	(800)351-7500	29,895
Reliance Standard Life Insurance Company	Vision	2001 Market Street Suite 1500	Philadelphia	PA	19103-7000	(800)351-7500	784
Security Life Insurance Company of America	Vision	10901 Red Circle Drive	Minnetonka	MN	55343-9137	(800)328-4667	97
Standard Insurance Company	Dental	P.O. Box 711	Portland	OR	97207	(800)348-3226	9,575
Standard Insurance Company	Vision	P.O. Box 711	Portland	OR	97207	(800)348-3226	510
Unitedhealthcare of North Carolina, Inc.	Dental	3803 North Elm Street	Greensboro	NC	27455	(800)318-7689	71,190
Vision Service Plan Insurance Company	Vision	3333 Quality Drive	Rancho Cordova	CA	95670	(800)852-7600	498,873

Comparative Charts and Tables

Statewide PPO Plan Enrollment: 12/31/97 - 12/31/09

A. PPO Plan Enrollment and Member Turnover



Source: Annual Managed Care Data Filings (1997-2009).

PPO Plan Member Turnover: 2009

Figure 34

PPO Plan Carrier	# Added in 2009	# That Left in 2009	Total on 12/31/09	% Change: 12/31/08 to 12/31/09
Aetna Life Insurance Company	6,819	13,469	16,018	-29.3%
American Heritage Life Insurance Company	15,600	9,633	20,963	39.8%
American Medical Security Life Insurance Company	272	763	1,796	-21.5%
American National Insurance Company	0	0	4	0.0%
American National Life Insurance Company of Texas	446	617	844	-16.8%
American Republic Insurance Company	2,242	3,431	1,779	-40.1%
BlueCross & BlueShield of North Carolina	248,350	257,210	881,244	-1.0%
Celtic Insurance Company	3,782	3,551	5,344	4.5%
Connecticut General Life Insurance Company	4,714	5,604	14,283	-5.9%
Continental General Insurance Company	0	51	132	-27.9%
Coventry Health and Life Insurance Company	19,153	11,391	29,535	35.6%
Federated Mutual Insurance Company	300	1,237	2,539	-27.0%
First Health Life & Health Insurance Company	DNR	DNR	DNR	NA
FirstCarolinaCare Insurance Company, Inc.	1,120	402	1,246	136.0%
Golden Rule Insurance Company	7,122	5,935	6,834	21.0%
Guardian Life Insurance Company of America	171	4,914	9,922	-32.3%
Humana Insurance Company	42	630	626	-48.4%
Independence American Insurance Company	DNR	DNR	DNR	NA
John Alden Life Insurance Company	1,704	2,399	5,338	-11.5%
Madison National Life Insurance Company, Inc.	DNR	DNR	DNR	NA
Mega Life and Health Insurance Company	534	4,331	3,876	-49.5%
Mid-West National Life Insurance Company of Tennessee	790	281	798	176.1%
National Foundation Life Insurance Company	857	184	1,260	114.7%
National Union Fire Insurance Company of Pittsburg, PA.	0	0	52,658	0.0%
North Carolina Mutual Life Insurance Company	0	117	0	-100.0%
Principal Life Insurance Company	502	2,368	6,578	-22.1%
Standard Life & Accident Insurance Company	103	92	109	11.2%
Standard Security Life Insurance Company of New York	DNR	DNR	DNR	NA
Time Insurance Company	5,626	5,582	11,048	0.4%
Trustmark Insurance Company (Mutual)	1	13	26	-31.6%
Trustmark Life Insurance Company	626	2,928	3,559	-39.3%
UniCARE Life & Health Insurance Company	1,480	5,437	5,281	-42.8%
Union Security Insurance Company	21	243	347	-39.0%
United HealthCare Insurance Company	162	649	1,067	-31.3%
World Insurance Company	1,165	968	2,683	7.9%

DNR = Did Not Report Required data

NA = Not Applicable

Source: 2009 Annual Managed Care Data Filings

B. Utilization Review and Appeals

Percentage of Utilization Reviews Resulting in Noncertifications, by PPO Carrier: 2009

Figure 35

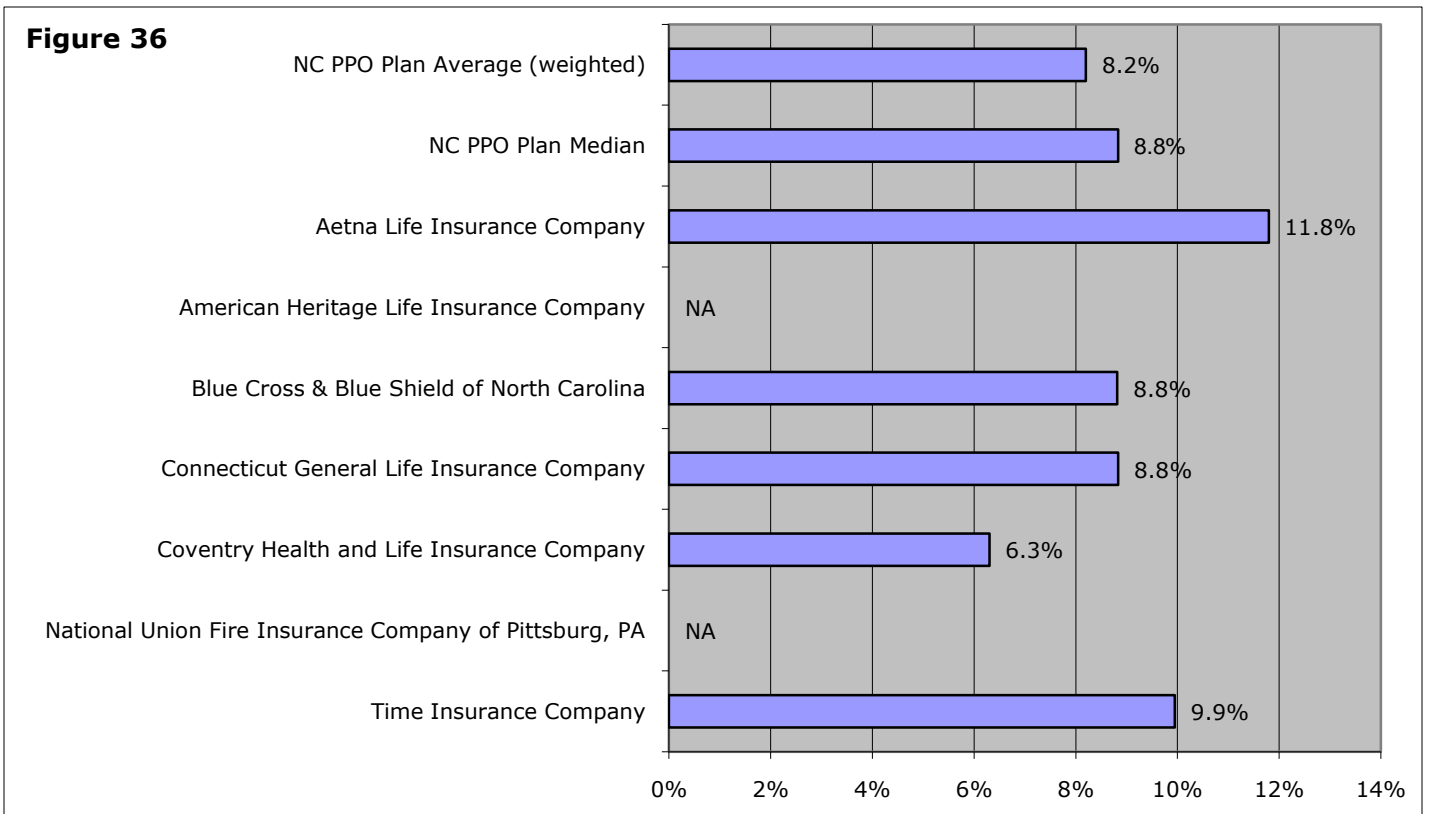
PPO Plan Carrier	# of Reviews Performed	% of Reviews Resulting in Noncertification
<i>NC PPO Plan Average (weighted)</i>	3,965	8.2%
<i>NC PPO Plan Median</i>	56	8.8%
Aetna Life Insurance Company	9,852	11.8%
American Heritage Life Insurance Company	0	NA
American Medical Security Life Insurance Company	47	17.0%
American National Insurance Company	3	0.0%
American National Life Insurance Company of Texas	44	25.0%
American Republic Insurance Company	10	30.0%
BlueCross & BlueShield of North Carolina	75,194	8.8%
Celtic Insurance Company	456	2.0%
Connecticut General Life Insurance Company	3,736	8.8%
Continental General Insurance Company	DNR	
Coventry Health and Life Insurance Company	8,237	6.3%
Federated Mutual Insurance Company	667	4.6%
First Health Life & Health Insurance Company	DNR	
FirstCarolinaCare Insurance Company, Inc.	627	10.0%
Golden Rule Insurance Company	170	1.2%
Guardian Life Insurance Company of America	1,943	11.6%
Humana Insurance Company	0	NA
Independence American Insurance Company	DNR	
John Alden Life Insurance Company	197	12.7%
Madison National Life Insurance Company, Inc.	DNR	
Mega Life and Health Insurance Company	0	NA
Mid-West National Life Insurance Company of Tennessee	0	NA
National Foundation Life Insurance Company	23	4.3%
National Union Fire Insurance Company of Pittsburg, PA.	0	NA
North Carolina Mutual Life Insurance Company	0	NA
Principal Life Insurance Company	638	6.3%
Standard Life & Accident Insurance Company	0	NA
Standard Security Life Insurance Company of New York	DNR	
Time Insurance Company	392	9.9%
Trustmark Insurance Company (Mutual)	32	0.0%
Trustmark Life Insurance Company	509	10.0%
UniCARE Life & Health Insurance Company	64	6.3%
Union Security Insurance Company	27	18.5%
United HealthCare Insurance Company	16,080	3.7%
World Insurance Company	5	40.0%

DNR = Did Not Report Required data

NA = Not Applicable (company reported zero utilization reviews during 2009)

Source: 2009 Annual Managed Care Data Filings

Percentage of Utilization Reviews Resulting in Noncertifications, by PPO Carrier: 2009



NA = Not Applicable (company reported zero utilization reviews during 2009)

Source: 2009 Annual Managed Care Data Filings

Percentage of First-Level Appeals Resolved in Members' Favor, by PPO Carrier: 2009

Figure 37

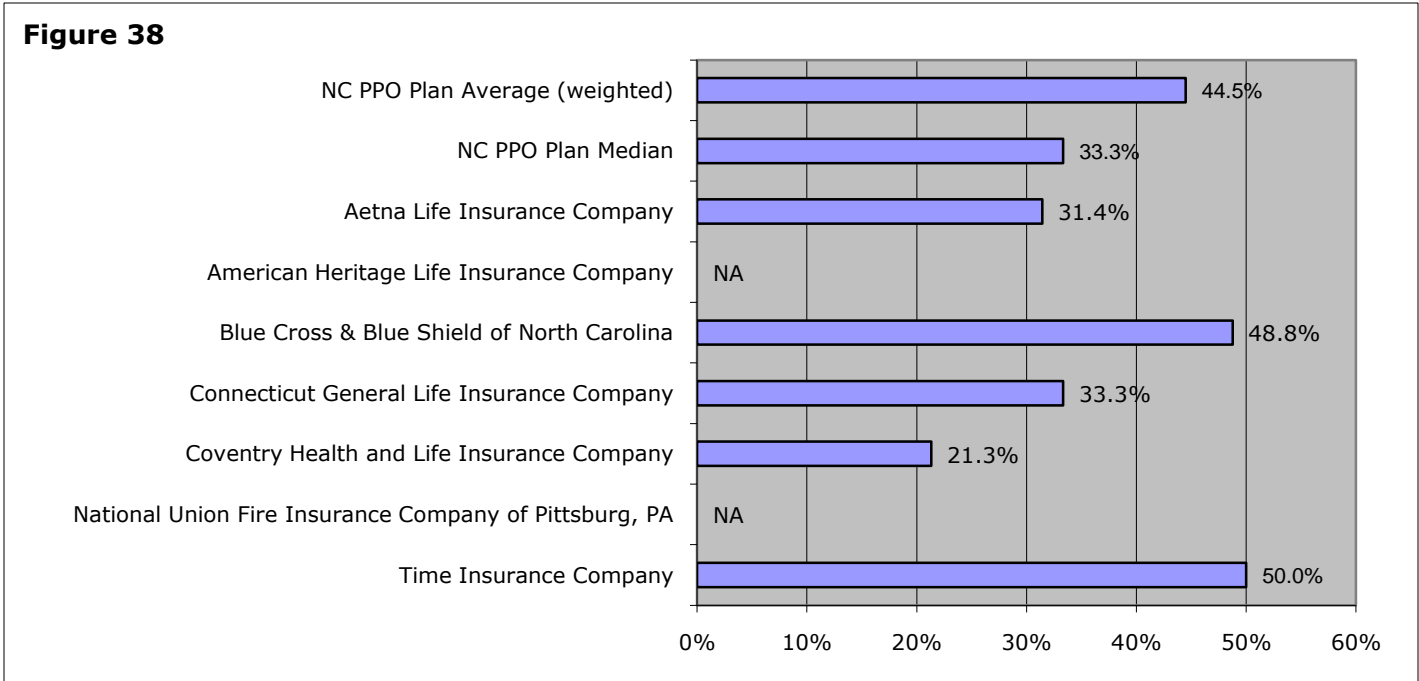
PPO Plan Carrier	# of Noncertifications Appealed	% of Appeals Resolved in Member's Favor
<i>NC PPO Plan Average (weighted)</i>	38	44.5%
<i>NC PPO Plan Median</i>	2	33.3%
Aetna Life Insurance Company	70	31.4%
American Heritage Life Insurance Company	NA	
American Medical Security Life Insurance Company	1	0.0%
American National Insurance Company	0	NA
American National Life Insurance Company of Texas	4	25.0%
American Republic Insurance Company	1	0.0%
BlueCross & BlueShield of North Carolina	646	48.8%
Celtic Insurance Company	2	100.0%
Connecticut General Life Insurance Company	15	33.3%
Continental General Insurance Company	NA	
Coventry Health and Life Insurance Company	75	21.3%
Federated Mutual Insurance Company	9	66.7%
First Health Life & Health Insurance Company	DNR	
FirstCarolinaCare Insurance Company, Inc.	4	25.0%
Golden Rule Insurance Company	0	NA
Guardian Life Insurance Company of America	51	51.0%
Humana Insurance Company	1	100.0%
Independence American Insurance Company	DNR	
John Alden Life Insurance Company	6	0.0%
Madison National Life Insurance Company, Inc.	DNR	
Mega Life and Health Insurance Company	NA	
Mid-West National Life Insurance Company of Tennessee	NA	
National Foundation Life Insurance Company	0	NA
National Union Fire Insurance Company of Pittsburg, PA.	NA	
North Carolina Mutual Life Insurance Company	NA	
Principal Life Insurance Company	11	27.3%
Standard Life & Accident Insurance Company	NA	
Standard Security Life Insurance Company of New York	DNR	
Time Insurance Company	2	50.0%
Trustmark Insurance Company (Mutual)	0	NA
Trustmark Life Insurance Company	2	0.0%
UniCARE Life & Health Insurance Company	6	50.0%
Union Security Insurance Company	1	100.0%
United HealthCare Insurance Company	1	100.0%
World Insurance Company	0	NA

DNR = Did Not Report Required data

NA = Not Applicable (company reported zero appeals during 2009)

Source: 2009 Annual Managed Care Data Filings

Percentage of First-Level Appeals Resolved in Members' Favor, by PPO Carrier: 2009



NA = Not Applicable (company reported zero appeals during 2009)

Source: 2009 Annual Managed Care Data Filings

C. External Review

As previously discussed on page 26, if an insurance company denies coverage on the basis that the services are not medically necessary, and if the member exhausts all available appeal options with the insurer, then the member may submit a request to the North Carolina Department of Insurance for an “external review” of his/her case. An external review is an independent review of the denial and offers another option for resolving coverage disputes with the insurer. For cases that meet eligibility requirements, expert medical professionals who have no association with the insurance company perform the external review. If an external review finds in favor of the member, then the insurance company will be required to pay for the services. Figure 39 shows the number of eligible cases received and closed between 1/1/09 and 12/31/09, involving PPO Benefit Plans offered in North Carolina by licensed insurance companies. The table also indicates the number of closed reviews for which the company’s initial denial was 1) upheld via the external review panel, 2) overturned by the external review panel, and 3) reversed by the insurance company prior to an external review being conducted. *(Detailed information on the External Review program can be found in the “Consumer” section of the North Carolina Department of Insurance website.)*

External Reviews, by PPO Carrier: 2009

Figure 39

PPO Plan Carrier	# of Cases Reviewed and Closed During 2009	# of Reviews Upholding Insurer's Denial	# of Reviews Overturning Insurer's Denial	# of Denials Reversed by HMO Prior to or During Review
Aetna Life Insurance Company	1	1	0	0
BlueCross BlueShield of North Carolina	15	14	1	0
John Alden Life Insurance Company	1	1	0	0
Principal Life Insurance Company	1	1	0	0
United HealthCare Insurance Company	3	0	1	2

Source: North Carolina Department of Insurance

D. Grievances

First-Level Grievances, by PPO Carrier: 2009

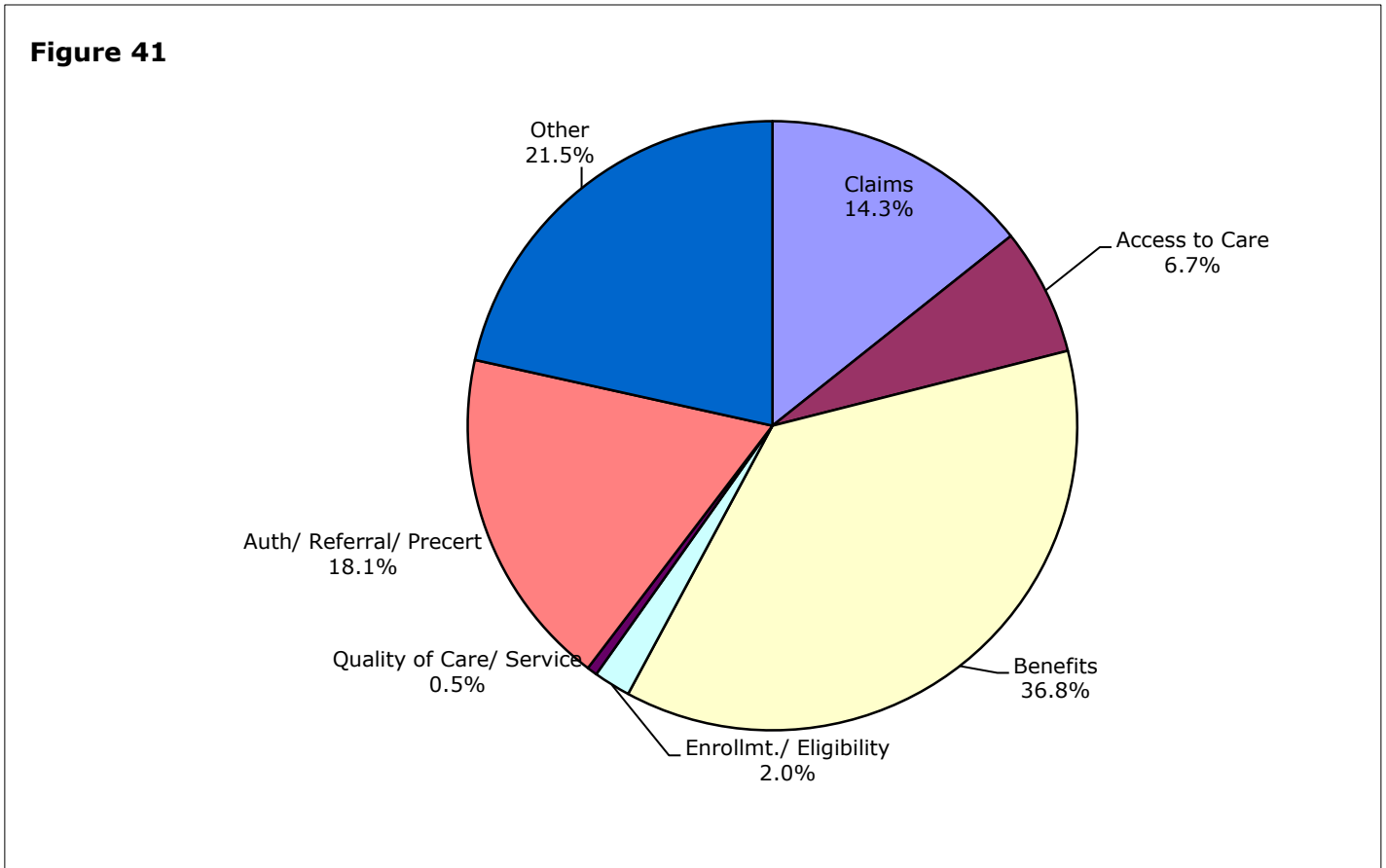
Figure 40

PPO Plan Carrier	Enrollment as of 12/31/09	# of Grievances Received
<i>NC PPO Plan Average</i>	35,088	59
<i>NC PPO Plan Median</i>	2,683	12
Aetna Life Insurance Company	16,018	147
American Heritage Life Insurance Company	20,963	3
American Medical Security Life Insurance Company	1,796	12
American National Insurance Company	4	5
American National Life Insurance Company of Texas	844	0
American Republic Insurance Company	1,779	14
BlueCross & BlueShield of North Carolina	881,244	834
Celtic Insurance Company	5,344	62
Connecticut General Life Insurance Company	14,283	112
Continental General Insurance Company	132	6
Coventry Health and Life Insurance Company	29,535	82
Federated Mutual Insurance Company	2,539	11
First Health Life & Health Insurance Company	DNR	DNR
FirstCarolinaCare Insurance Company, Inc.	1,246	1
Golden Rule Insurance Company	6,834	16
Guardian Life Insurance Company of America	9,922	137
Humana Insurance Company	626	93
Independence American Insurance Company	DNR	DNR
John Alden Life Insurance Company	5,338	17
Madison National Life Insurance Company, Inc.	DNR	DNR
Mega Life and Health Insurance Company	3,876	20
Mid-West National Life Insurance Company of Tennessee	798	2
National Foundation Life Insurance Company	1,260	0
National Union Fire Insurance Company of Pittsburg, PA.	52,658	3
North Carolina Mutual Life Insurance Company	0	0
Principal Life Insurance Company	6,578	21
Standard Life & Accident Insurance Company	109	0
Standard Security Life Insurance Company of New York	DNR	DNR
Time Insurance Company	11,048	129
Trustmark Insurance Company (Mutual)	26	3
Trustmark Life Insurance Company	3,559	63
UniCARE Life & Health Insurance Company	5,281	5
Union Security Insurance Company	347	1
United HealthCare Insurance Company	1,067	8
World Insurance Company	2,683	30

DNR = Did Not Report Required data

Source: 2009 Annual Managed Care Data Filings

First-Level PPO Plan Grievances, by Reason: 2009



Source: 2009 Annual Managed Care Data Filings

Percentage of 1st-Level Grievances Resolved in Members' Favor, by PPO Carrier: 2009

Figure 42

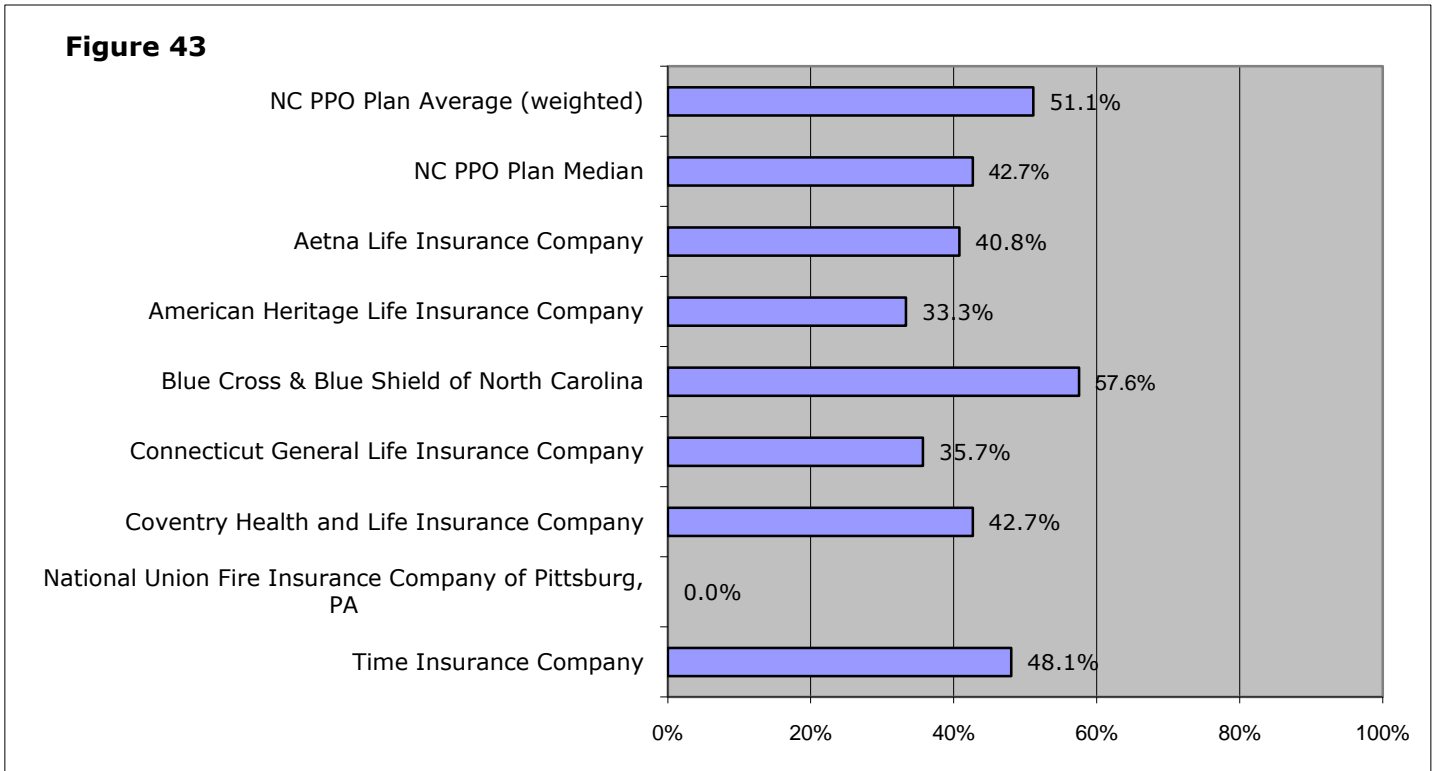
Name of PPO Plan Carrier	Percent
<i>NC PPO Plan Average (weighted)</i>	51.1%
<i>NC PPO Plan Median</i>	42.7%
Aetna Life Insurance Company	40.8%
American Heritage Life Insurance Company	33.3%
American Medical Security Life Insurance Company	50.0%
American National Insurance Company	80.0%
American National Life Insurance Company of Texas	NA
American Republic Insurance Company	57.1%
BlueCross & BlueShield of North Carolina	57.6%
Celtic Insurance Company	77.4%
Connecticut General Life Insurance Company	35.7%
Continental General Insurance Company	66.7%
Coventry Health and Life Insurance Company	42.7%
Federated Mutual Insurance Company	54.5%
First Health Life & Health Insurance Company	DNR
FirstCarolinaCare Insurance Company, Inc.	0.0%
Golden Rule Insurance Company	31.3%
Guardian Life Insurance Company of America	56.9%
Humana Insurance Company	23.7%
Independence American Insurance Company	DNR
John Alden Life Insurance Company	35.3%
Madison National Life Insurance Company, Inc.	DNR
Mega Life and Health Insurance Company	25.0%
Mid-West National Life Insurance Company of Tennessee	0.0%
National Foundation Life Insurance Company	NA
National Union Fire Insurance Company of Pittsburg, PA.	0.0%
North Carolina Mutual Life Insurance Company	NA
Principal Life Insurance Company	23.8%
Standard Life & Accident Insurance Company	NA
Standard Security Life Insurance Company of New York	DNR
Time Insurance Company	48.1%
Trustmark Insurance Company (Mutual)	66.7%
Trustmark Life Insurance Company	57.1%
UniCARE Life & Health Insurance Company	20.0%
Union Security Insurance Company	100.0%
United HealthCare Insurance Company	37.5%
World Insurance Company	70.0%

DNR = Did Not Report Required data

NA = Not Applicable (company reported zero grievances during 2009)

Source: 2009 Annual Managed Care Data Filings

Percentage of 1st-Level Grievances Resolved in Members' Favor, by PPO Carrier: 2009



Source: 2009 Annual Managed Care Data Filings