

EYE on DOI

North Carolina
DEPARTMENT OF INSURANCE

winter 2010



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NCDOI's Criminal Investigations Division Still Going Strong after 65 Years



Turning 65 marks a milestone for many of us — many people begin to look toward retirement and join the ranks of Medicare eligibles. Even though 2010 marks the 65th anniversary of the Criminal Investigations Division of the North Carolina Department of Insurance, the Division has had a busy year and shows no signs of slowing down.

“My Criminal Investigations Division is dedicated to its mission of eliminating insurance fraud in North Carolina,” said Insurance Commissioner Wayne Goodwin. “That’s not an easy task, especially in this economy. Our investigators have seen a dramatic increase in recent years of cases related to agent embezzlement, employers failing to remit premiums for health insurance, crimes against senior citizens, and property/casualty related frauds.”

The Department of Insurance employs 20 sworn law enforcement officers dedicated to investigating claims of insurance fraud. So far in 2010, these criminal investigators have seen more than 268 cases successfully closed with more than \$18.5 million in restitution and recoveries, 54 criminal convictions and 89 arrests.

As the nation’s oldest law enforcement agency dedicated solely to investigating insurance fraud, the Criminal Investigations Division continues to work with insurance companies, local law enforcement agencies and other entities to obtain referrals and increase the prosecution of fraud cases. Since 2005, the Division has received approximately 15,000 fraud related referrals. Further, from these referrals, investigators have produced over 300 convictions and recovered over \$63 million for the victims of insurance fraud.

“I’m thankful for our positive working relationships with companies and law enforcement agencies across the state. Without this continued cooperation and sharing of information, the fight to eliminate insurance fraud would suffer,” said Commissioner Goodwin.

With an estimated 10 cents of every dollar paid in premiums going toward the payment of fraudulent claims, the Department recognizes that failing to properly investigate

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from the **COMMISSIONER'S** desk



Long-term Care Partnership Update

The Department has worked for years to bring a Long-term Care Partnership program to North Carolina, and I am so pleased that it is finally here — together with the Department of Health and Human Services, we worked with the General Assembly to get legislation passed earlier this year. We hope this new program will encourage those who are able to proactively buy long-term care insurance. This will allow folks to protect their assets while still being able to access Medicaid after they exhaust their private coverage.

The new law provides for dollar-for-dollar asset protection. Every dollar in benefits paid by the long-term care policy will be deducted from resources counted when the consumer's Medicaid application is considered; plus, the same

amount will be protected in estate recovery.

With this new law, North Carolina joins 33 other states that already have LTC Partnership programs. Other states with the program have seen savings similar to what we hope to see in North Carolina over the years. The N.C. Department of Health and Human Services reported no fiscal impact for Medicaid, and other states that have recently implemented the program also report no fiscal impact.

The new policies will have all the bells and whistles, including inflation protection, reciprocity with other states with the same program, tax qualification for federal tax advantages and disclosures. My staff is working hard to prepare training programs

for producers who sell these policies.

Also, when the LTC Partnership becomes effective in North Carolina, continuing education relative to the product will be required for those agents selling LTC Partnership policies. Our Agent Services Division has filed CE rules with the Rules Review Commission, and you can review the proposed rules and other LTCP Partnership information [HERE](#).

I'm proud that my office was able to work with DHHS and the General Assembly to establish a Long-Term Care Partnership program — I fully believe this will be a win-win for the state and the consumer.

For more information about the new law, visit the N.C. General Assembly website [HERE](#).

Is your individual, business entity and/or company's e-mail address on file with NCDOL? If not, click [HERE](#) if you're an individual/business entity or [HERE](#) for a company to register a valid e-mail address.

Remember, state law requires you provide a valid e-mail address to NCDOL!

and prosecute insurance fraud would have severe economic implications on our state. To assure that the fight to eliminate insurance fraud continues to be successful, the Criminal Investigations Division has established many resources for referring fraudulent activity.

Insurance companies, agents and citizens can report insurance fraud without worry that they will be held responsible or punished in any way for their suspicions — in fact, you may remain anonymous when reporting insurance fraud to the Department. Suspicions of fraudulent activity can be directed to the Criminal Investigations Division’s toll-free telephone number (within N.C.) at 1-888-680-7684; tips can also be emailed to reportfraud@ncdoi.gov and even faxed to 919-715-1156.

Recently the Criminal Investigations Division established the ability to accept fraud referrals online through the Online Fraud Reporting System. The online fraud referral process is made possible by a cooperative effort with the National Association of Insurance Commissioners and the National Insurance Crime Bureau. This website is directly associated with the Department’s website. To gain access to OFRS, visit www.ncdoi.com/Investigations and click on the “Report Insurance Fraud” button on the left-hand menu.

When logged into the OFRS website, the user will be allowed to file their fraud complaint. There is a separate section for both company referrals and public referrals. One of the key components of the online fraud referral system is that the user can file complaints with several state Departments of Insurance at the same time. This shared process makes it easier for state law enforcement agencies to combine resources in multi-jurisdictional cases. Never before has the sharing of criminal insurance fraud data been so easy.

“The future of eliminating insurance fraud depends on law enforcement’s ability to identify, investigate and prosecute. With the addition of the OFRS system, the N.C. Department of Insurance is able to work harder to eliminate insurance fraud in North Carolina,” said Commissioner Goodwin. “This is a vital component of maintaining order within the insurance industry, while supporting an environment that is conducive to a competitive economic marketplace and ensuring consumer protection for all North Carolina citizens.”

Agents Advisory Committee Update

Just a few weeks ago on Nov. 18, members of the Agents Advisory Committee gathered on the Appalachian State University campus in Boone for the final committee meeting of 2010. Insurance Commissioner Wayne Goodwin began the day by speaking to students attending ASU’s Brantley Risk and Insurance Center and AAC members.

“It was a pleasure meeting with Appalachian State’s Chancellor, Dr. Kenneth Peacock, students, faculty and staff members, and of course our Agents Advisory Committee members during the morning meeting and luncheon in Boone,” said Commissioner Goodwin.

After the luncheon with Chancellor Peacock, the AAC heard from Etta Maynard, the Department’s Deputy Commissioner over the Agent Services Division, about the 2010 license changes for North Carolina residents.

Later, Commissioner Goodwin gave an update on the Department’s legislative agenda for the next session.

Ending the day was a rousing game of “Insurance Jeopardy” sponsored by the North Carolina Surplus Lines Association, played between insurance students from Appalachian State University and the University of North Carolina - Charlotte. ASU students prevailed over UNCC and took home the trophy.

“I’m proud that we have been able to get the Committee up and running in 2010 and have had meaningful discussions over the last year. I look forward to next year’s work with the Committee,” said Commissioner Goodwin.



Medicare Advantage Plans See Changes in 2011



Medicare's annual election period for the 2011 plan year began Nov. 15 and will continue through Dec. 31.

Enroll Now

“For the next six weeks, Medicare recipients will be able to review their current Medicare Advantage plan and choose which plan they want for 2011,” said Commissioner Wayne Goodwin. “They will also be able to enroll in or make changes to their Medicare Part D prescription drug plan during this time. We encourage everyone with a Medicare Part D plan or a Medicare Advantage plan to call SHIP for help reviewing your options for 2011.”

Previously, Medicare Advantage recipients could make changes to their Medicare Advantage plans during both the Part D annual enrollment period and an additional Medicare Advantage open enrollment period, Jan. 1 – March 31; however, the Medicare Advantage open enrollment period has been eliminated for 2011. This means that anyone with a Medicare Advantage plan can only make changes to their coverage during the combined Part D and Medicare Advantage annual election period, Nov. 15 – Dec. 31.

There have also been a number of Medicare Advantage plans that will be non-renewed for the 2011 plan year — in North Carolina alone there are approximately 69,000 Medicare beneficiaries affected by non-renewing plans. These affected beneficiaries must enroll in a replacement MA plan or they will be returned to Original Medicare on Jan. 1, 2011, and possibly be without Medicare prescription drug coverage (if it was included in the non-renewing plan). Several Medicare Part D plans are also being non-renewed.

“Compared to other states, North Carolina has the third most Medicare recipients whose current Part D or Medicare Advantage plan will not be offered in 2011,” added Commissioner Goodwin.

Choices Abound

North Carolina Medicare recipients will be able to choose between more than 97 MA plans from 11 Medicare Advantage organizations; however, not all plans are available in every county. Monthly premiums will range from \$0 to \$169.80, and the maximum out-of-pocket limits range from \$3,000 to \$6,700.

For those seeking a Medicare Part D prescription drug plan, there are 33 from which to choose; these plans will be administered by 18 different companies. Like every year, some existing plans have changed their prescription formularies, monthly premiums and deductibles, so it's important that recipients review their options.

New Federal Guidelines

As you know, earlier this year President Obama signed the Affordable Care Act into law. There are some key provisions in the legislation relative to Medicare Advantage that will become effective Jan. 1, 2011. They include:

- Elimination of the Medicare Advantage open enrollment period that previously ran annually from Jan. 1 – March 31. Consequently, beneficiaries may only join or switch MA plans during their initial enrollment period, the annual election period or if they qualify, a special enrollment period.
- The implementation of the new annual disenrollment period that will run from Jan. 1 – Feb. 14. During this period beneficiaries are permitted to disenroll from a MA plan and switch to Original Medicare. If a beneficiary makes this change, they may also join a stand-alone Medicare prescription drug plan even if they disenroll from an MA-only plan. It is important to note that a beneficiary cannot enroll into another MA during this period unless they are entitled to a special enrollment period.
- MA plans are forbidden to charge copayment/coinsurance amounts for certain services (chemotherapy, renal dialysis, skilled nursing care) that would exceed the equivalent amount paid by beneficiaries in Original Medicare.
- The majority of the MA plans offered in North Carolina for 2011 will also provide Medicare-covered preventive services with no cost sharing required of the beneficiary (as is with Original Medicare) and will also provide coverage of the new annual wellness visit.

Further, as required by the Medicare Improvements for Patients and Providers Act of 2008, starting with

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IMPORTANT CONTACT INFORMATION

Agent Services Division

(licensing questions, continuing education, etc.)
www.ncdoi.com/asd or 919-807-6800

Life and Health Division

www.ncdoi.com/lh or 919-733-5060

Property and Casualty Division

www.ncdoi.com/pc or 919-733-3368

Market Regulations Division

www.ncdoi.com/me or 919-807-6899

Financial Evaluation Division

www.ncdoi.com/fed or 919-733-2205 (Financial Analysis)

On Oct. 1 a number of producer licensing changes went into effect:

We have a new [licensing guide](#), [FAQs](#), and a [tip sheet](#) to help expedite the licensing.

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plan contract year 2011, Private-Fee-for-Service (PFFS) Medicare Advantage plans operating in network areas must meet the network base access standard. As a result of this requirement, there has been a reduction of non-network PFFS plans available in North Carolina.

Extra Help Available

“Last year, the federal government identified that more than 80,000 Medicare recipients in North Carolina were eligible for Medicare’s Low-Income Subsidy — the Extra Help Program — but had not enrolled. Since then, my SHIP staff and volunteers across the state have been working to identify these folks and help them apply,” said Commissioner Goodwin. The Extra Help program reduces a recipient’s Part D premium and copayments and eliminates the “donut hole” gap in coverage.

Additionally, recipients may be eligible for the Medicare Savings Program, which helps qualified Medicare recipients pay for their Medicare Part A and Part B costs, such as premiums, deductibles and coinsurance. There are three different Medicare Savings Programs available, but all are based on specific income and resource levels.

Questions?

Please share the above information with your clients, friends and family members. And remind them that the Department’s SHIP Division offers free, objective information about Medicare, Medicare prescription drug coverage, Medicare Advantage, long-term care insurance and other health insurance information. SHIP’s trained volunteers provide one-on-one counseling in all 100 counties in North Carolina. If you or someone you know has any questions about the 2011 Medicare Advantage or Part D plans, please contact the SHIP at 1-800-443-9354.

REGULATORY ACTIONS

July — September, 2010

NC License/NPN#	Action	Date of Action
PRODUCERS		
Dawjuan Prince License #: N/A	License Denial Resident Life	7/1/2010
Keli D. Smith License #: 15760255	License Denial Nonresident Accident Health & Sickness	7/13/2010
Felix Forbes License #: 5551816	Voluntary Settlement Agreement - \$ 2000 Fine Resident Life, Accident Health & Sickness, Medicare Supplement/Longterm Care Licenses	7/20/2010
Richard E. Floyd License #: 6585430	Voluntary Surrender Resident Life, Accident Health & Sickness, Property, Casualty Licenses	7/22/2010
Jeffrey Tyndall License #: 5612214	Voluntary Settlement Agreement - \$ 400 Fine Resident Life, Accident Health & Sickness Licenses	8/6/2010
Keith Wheaton License #: N/A	License Denial Resident Life, Accident Health & Sickness	8/9/2010
Michael D. McLean License #: 12644865	Voluntary Surrender Resident Life, Accident Health & Sickness, Property, Casualty Licenses	8/19/2010
Gary W. Chadwick License #: 6579091	Voluntary Settlement Agreement - \$ 2500 Fine Resident Title License	8/19/2010
Kenneth E. Robinson License #: N/A	License Denial Nonresident Life, Accident Health & Sickness	8/23/2010
William A. Smith License #: 4026896	License Denial Nonresident Life	8/24/2010
Kurtis R. Fricke License #: 7734354	Voluntary Surrender Resident Life, Accident Health & Sickness Licenses	8/26/2010
Carl M. Pozyck License #: N/A	License Denial Resident Accident Health & Sickness	8/26/2010
Jared Nichols License #: N/A	License Denial Resident Accident Health & Sickness	8/27/2010
Raymond F. Snyder License #: 243918	Voluntary Settlement Agreement - \$ 250 Fine Nonresident Life, Accident Health & Sickness, Property, Casualty Licenses	9/3/2010
Arthur Mitchell, Jr. License #: 2369862	Voluntary Settlement Agreement - \$ 250 Fine Resident Life, Accident Health & Sickness, Property, Casualty Licenses	9/8/2010
Matthew L. Poole License #: 5574828	Voluntary Surrender Resident Life, Accident Health & Sickness Licenses	9/9/2010
Andrew R. Humer License #: 2089031	Voluntary Surrender Resident Life, Accident Health & Sickness, Variable Annuities Licenses	09/17/2010

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NC License/NPN#	Action	Date of Action
Reynold A. Currier License #: 2352562	Voluntary Settlement Agreement - \$ 250 Fine Resident Life, Accident Health & Sickness, Variable Annuities Licenses	9/22/2010
Chad E. Harris License #: 13077595	Voluntary Surrender Resident Life, Accident Health & Sickness Licenses	9/23/2010
Mark Cleveland License #: 10209305	License Revoked Resident Life, Accident Health & Sickness Licenses	9/23/2010
Terry L. Saffold License #: 6491059	License Revoked Resident Company/Firm Adjuster	9/23/2010
Tiffany D. Hyatte License #: 9577046	Voluntary Surrender Resident Property, Casualty Licenses	9/28/2010
Dawn Browe License #: 3949664	Voluntary Settlement Agreement - \$ 250 Fine Resident Property Casualty Licenses	9/29/2010
BAIL BONDSMEN		
Chadwick Mason License #: 10987877	License Revoked Surety Bailbondsman License	7/16/2010
Yolanda M. Smith License # 10011201	License Revoked Surety Bailbondsman License	7/16/2010
Jesus A. Alejo License #: 10006363	Voluntary Settlement Agreement - \$ 250 Fine Surety Bailbondsman License	7/20/2010
Billie Lofton License #: N/A	License Denial Surety Bailbondsman	8/6/2010
Bobby L. Jenkins License #: 8392482	Voluntary Surrender Surety and Professional Bailbondsman Licenses	8/13/2010
David K. Sawyer License #: 6579774	Voluntary Settlement Agreement - \$ 1000 Fine Professional Bailbondsman License	8/23/2010
Donald B. Blackwell License #: 10004715	Voluntary Settlement Agreement - \$ 250 Fine Surety Bailbondsman License	9/2/2010
Will W. Burton License #: 13634270	License Revoked Bail Bond Runner License	9/10/2010
Cheryl D. Evans License #: 10011775	Voluntary Settlement Agreement - \$ 250 Fine Surety Bailbondsman License	9/8/2010
Michael J. White License #: 10005980	Voluntary Settlement Agreement - \$ 1000 Fine Surety Bailbondsman License	9/15/2010
Benita W. Scott License #: 6140641	Voluntary Settlement Agreement - \$ 1250 Fine Surety and Professional Bailbondsman Licenses	9/15/2010
Anthony L. Robinson License #: 8392524	Voluntary Settlement Agreement - \$ 1500 Fine Surety and Professional Bailbondsman Licenses	9/23/2010

Check out the latest published reports from the Market Regulations Division: www.ncdoi.com/me

Individuals and business entities can now print their own license through SBS Connect and sign up for e-mail notifications of license status changes. Click **HERE** for quick and easy instructions.