

PRESS RELEASE

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Connecticut General Life Insurance Company Ordered To Comply With Health Insurance Laws

PHOENIX, AZ – The Arizona Department of Insurance recently ordered Connecticut General Life Insurance Company (CGLIC) to cease and desist from violating group health insurance and health care appeals laws, to implement a corrective action plan to remedy the identified violations, and to pay a civil penalty of \$105,000.¹

During the examination period,² the Department found that CGLIC failed to offer a “guaranteed issue” health benefit plan to Arizona small employers (2-50 employees). As a condition of doing business in Arizona, the law requires *all* health insurers selling group health insurance to offer at least one health benefit plan to small employers, that the insurer guarantees to issue, regardless of the health status of the employees in the group.

“Many small employers have a difficult time finding affordable health insurance for their employees,” said Christina Urias, Director of Insurance. “This provision in the law helps to ensure maximum competition in the small group health insurance market. It’s problematic when a large insurer, such as Connecticut General Life, doesn’t play by the same rules required of everyone else. The good news is that, as a result of this examination, CGLIC now offers at least 3 “guaranteed issue” policies to small groups in Arizona.”

The Department also determined that some of CGLIC’s policies did not contain all of the benefits required by law. In addition, Arizona law allows employers to determine employee eligibility for plan participation, but CGLIC, in some cases, improperly set the eligibility criteria for employee participation. Further more, CGLIC failed to send renewal notices to some employer policyholders, and the renewal notices sent did not always contain the required explanation for rate increases stemming from claim experience.

¹ For deposit in the State General Fund

² July 1, 2001 through June 30, 2002

CGLIC also offered “exclusive provider plans” without a proper HMO license. Health insurers not licensed as an HMO cannot require covered employees to obtain medical services from a particular hospital or medical provider. Fortunately, CGLIC has already corrected this improper restriction for the nine Arizona employer groups involved.

Finally, the examination revealed that, in certain instances, CGLIC failed to properly advise their policyholders of important health care appeals rights. “Arizona insurance consumers have some of the broadest health care appeals rights in the country,” Urias points out. “The health care appeals process is available to claimants under most types of group and individual health insurance policies issued in Arizona, but in order for the appeals process to be effective, insurers must adhere to strict notification requirements and Connecticut General Life failed to do so.”

“Connecticut General Life has 90 days from the date of this Order to submit to the Department evidence that the company has initiated corrective action on the issues identified in the examination and I am confident that it will do so,” said Urias.

Consumers can learn more about their rights under Arizona's Health Care Appeals laws by obtaining a copy of Department of Insurance publication, "A Consumer Guide to Health Care Appeals". The brochure is available on our website at www.id.state.az.us , or by calling (602) 912-8444 or (800) 325-2548. Health insurers must provide an information packet that provides appeal information specific to the health insurer and the Department encourages consumers to request and review the appeals information carefully and exercise their appeal rights when necessary.

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