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PRESS RELEASE

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Arizona Department of Insurance Orders CIGNA to Pay \$230,000 Penalty and Correct Provider Payment and Appeals Violations

[Phoenix] - Director of the Arizona Department of Insurance (ADOI), Christina Urias, today announced the results of a compliance examination of CIGNA Healthcare of Arizona, Inc. (CIGNA) and Connecticut General Life Insurance Company (CGLIC) and, under Consent Orders issued September 29, 2008, ADOI ordered the insurance companies to pay a combined civil penalty of \$230,000. The Consent Orders identified violations that occurred between January 1, 2004 and June 30, 2005. ADOI found that both companies violated Arizona laws related to timely payment of healthcare providers and handling of consumer healthcare appeals.

Arizona's timely pay law requires Arizona healthcare insurers to comply with certain timeliness standards on payments of healthcare provider claims. ADOI found that CIGNA and CGLIC failed to pay appropriate interest to providers on some late claim payments. "Clean" claims are complete with all necessary information, ready for insurer payment. The ADOI examination revealed that both insurers improperly denied "non-clean" claims without first requesting the additional information needed to render the claims "clean" and therefore payable.

"Unfortunately, many healthcare insurers inappropriately *deny* claims instead of *pending* them while they seek additional information from providers," said Insurance Director, Christina Urias. "ADOI examinations reveal this to be a common practice and we are working with healthcare insurers to correct this improper practice through industry education and examination."

The timely pay law also requires healthcare insurers to establish an internal system for resolving payment disputes and other provider grievances. ADOI found that both insurers, CIGNA and CGLIC, failed to resolve provider grievances as required by law.

Arizona law also requires healthcare insurance companies to adhere to strict requirements for handling member appeals when insurers deny claim payments and/or healthcare services to their members (or enrollees). ADOI cited both insurers for failure to: *always* provide appeal information to their members; improper acknowledgment on *all* appeals; and, not *always* informing members of their appeal decisions.

ADOI ordered CIGNA and CGLIC to implement corrective action plans (CAPs) to modify their claims and healthcare appeals systems, and establish additional provider grievance procedures. ADOI will monitor the insurers' progress on these CAP issues going forward.

If the ADOI finds that an insurer does not comply with Consent Order requirements, it can initiate another examination and impose additional civil penalties on that insurer. For instance, on September 30, 2008, the ADOI ordered Health Net of Arizona, Inc. to pay a \$20,000 penalty for failure to comply with a prior order of the Director resulting from violations found in a previous examination.

"Timely and accurate payments to healthcare providers and claimants are essential components for well-functioning, equitable health insurance plans," said Insurance Director, Christina Urias. "Repeat insurance company violations on previous orders of the Director are especially egregious and ADOI will not tolerate such repeat violations."

Consumers can learn more about their valuable healthcare insurance appeal rights by obtaining a copy of the ADOI's pamphlet entitled "A Consumer Guide to Health Care Appeal Rights" available at www.id.state.az.us or by calling (602) 364-2499.

Healthcare providers can learn more about the timely pay and grievance law and how to access to health care insurers' grievance processes by obtaining a copy of the ADOI's publication, "Timely Pay-Grievances, Health Care Provider Rights." The brochure is available on the Department website at http://www.id.state.az.us/publications/Timely_Pay-and_Greiv_5-06.pdf, or by calling (602) 364-2394.

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