

**IN THE DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION
STATE OF MISSOURI**

In Re:)
)
CIGNA HEALTHCARE OF ST. LOUIS) **Market Conduct Exam No. 1003-02-TGT**
f/k/a Cigna Healthcare of Ohio d/b/a)
Cigna Healthcare of Kansas/Missouri)
(NAIC # 95209))
)

ORDER OF THE DIRECTOR

NOW, on this 16TH day of JUNE, 2015, Director John M. Huff, after consideration and review of the market conduct examination report of Cigna Healthcare of St. Louis f/k/a Cigna Healthcare of Ohio d/b/a Cigna Healthcare of Kansas/Missouri (NAIC #95209) (hereafter referred to as "Cigna Ohio"), report number 1003-02-TGT, prepared and submitted by the Division of Insurance Market Regulation pursuant to §374.205.3(3) (a)¹ and the Stipulation of Settlement and Voluntary Forfeiture ("Stipulation"), does hereby adopt such report as filed. After consideration and review of the Stipulation, report, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such report are deemed to be the Director's findings and conclusions accompanying this order pursuant to §374.205.3(4).

This order, issued pursuant to §374.205.3(4), §374.280 RSMo (Cum Supp. 2012), and §374.046.15. RSMo (Cum. Supp. 2012), is in the public interest.

IT IS THEREFORE ORDERED that Cigna Ohio and the Division of Insurance Market Regulation having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that Cigna Ohio shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place Cigna Ohio in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri and to maintain those corrective actions at all times.

1 All references, unless otherwise noted, are to Missouri Revised Statutes 2000 as amended.

IT IS FURTHER ORDERED that Cigna Ohio shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$94,800 payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 16th day of JUNE, 2015.



John M. Huff
Director



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CIGNA HEALTHCARE OF ST. LOUIS) **Market Conduct Exam No. 1003-02-TGT**
f/k/a Cigna Healthcare of Ohio d/b/a)
Cigna Healthcare of Kansas/Missouri)
(NAIC # 95635))
)

**STIPULATION OF SETTLEMENT
AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “the Division”) and Cigna Healthcare of St. Louis (NAIC #95635), as the surviving corporation of a merger with and successor in interest to Cigna Healthcare of Ohio d/b/a Cigna Healthcare of Kansas/Missouri (NAIC #95209) (hereinafter collectively referred to as “Cigna Ohio”), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereinafter, “the Department”), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri; and

WHEREAS, Cigna Ohio was granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Division conducted a Market Conduct Examination of Cigna Ohio and prepared report number 1003-02-TGT; and

WHEREAS, the report of the Market Conduct Examination revealed that:

1. In 736 instances, Cigna Ohio used unapproved forms containing language that did not comply with Missouri law in violation of §354.405.4 RSMo¹, §354.430, 20 CSR 400-7.010, §376.426 (16) and 20 CSR 400-7.030 (15) (B);
2. In 19 instances, Cigna Ohio misrepresented to claimants the reason for the denial of

¹ All references, unless otherwise noted, are to Missouri Revised Statutes, as amended.

coverage and failed to provide a reasonable and accurate explanation for the denial of claims in violation of §375.1007 (1), (3) and (12);

3. In 1 instance, Cigna Ohio processed a claim inconsistent with policy provisions related to COB in violation of §375.1007 (3) and (4);

4. In several instances, Cigna Ohio charged a co-payment in excess of 50% in violation of §354.410.1 (2), §375.1007 (1) (3) and (4), and 20 CSR 400-7.100;

5. Cigna Ohio failed to adopt and implement a process to ensure and document that excessive co-payments are not imposed on members in violation of §375.205.2 (2), 20 CSR 100-8.040 (3) (B), and §375.1007 (3) and (4);

6. Cigna Ohio failed to send EOB's to members for all claims in violation of §375.1007 (3) and (4) and 20 CSR 100-1.050 (1) (A);

7. In 19 instances, Cigna Ohio incorrectly denied claims filed by participating providers using the remark code for non-participating providers in violation of §375.1007 (1) and 20 CSR 100-1.020 (1) (A);

8. In 1 instance, Cigna Ohio requested a refund on a claim more than 1 year after the date of the claim payment in violation of §375.1007 (3) and (4) and §376.384.1 (3);

9. In 7 instances, Cigna Ohio was late in responding to the examiner's findings or formal requests and in 1 instance failed to respond entirely to a portion of a formal request in violation of §374.205.2 (2) and 20 CSR 100-8.040 (6).

WHEREAS, the Division and Cigna Ohio have agreed to resolve the issues raised in the Market Conduct Examination Report as follows:

A. Scope of Agreement. This Stipulation of Settlement and Voluntary Forfeiture embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. Remedial Action. Cigna Ohio agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those remedial actions at all times, to reasonably assure that the errors noted in the above-referenced market

conduct examination report do not recur. Such remedial actions shall include, but not be limited to, the following:

1. Cigna Ohio agrees to review all denied chiropractic claims from January 1, 2006 to the date of the order closing this exam to determine if any claims were improperly denied. If a claim was improperly denied prior to January 1, 2011, Cigna Ohio must pay restitution to the claimant, and if the claim was denied 46 or more days after receipt, include payment of interest at the rate of 1% per month as required by §376.383, RSMo Supp. 2009. If a claim was improperly denied from January 1, 2011 to the date of the order closing this exam, Cigna Ohio must pay restitution to the claimant, and if the claim was denied 46 or more processing days after receipt, include payment of interest at the rate of 1% per month and payment of a penalty of 1% per day as required by §376.383, RSMo Supp 2013. Either a letter or an EOB, must be included with the payment indicating that “as a result of a Missouri Market Conduct Examination” it was found that additional payment was owed on the claim.

2. Cigna Ohio agrees that it will not impose co-payments exceeding 50% of the total cost of providing any single service to its members in violation of §374.1005 and/or 20 CSR 400-7.100.

3. Cigna Ohio agrees that it will review all claims from January 1, 2006 to the date of the order closing this exam with a member co-payment to determine if any co-payments exceeded 50% of the total cost of providing any single service to its members. If a member paid a co-payment in excess of 50% of the cost of providing any single service, Cigna Ohio must pay restitution to the member, including the payment of interest at the rate of 9% per annum as required by §408.020. Payment of restitution by Cigna Ohio is only required if the cumulative amount paid in excess of 50% for all claims by the member equals or exceeds \$5.00. Either a letter or an EOB must be included with the payment indicating that “as a result of a Missouri Market Conduct Examination” it was found that the member was entitled to a refund of moneys paid on the claim.

4. Cigna Ohio agrees to develop a process that: (1) requires its network providers to collect copayments from members that do not exceed the 50% limitation set forth in 20 CSR 400-7.100; (2) facilitates providers’ ability to calculate and collect correct copayments at the time of service; (3) requires providers to make refunds to members of any copayments erroneously collected

in excess of the 50% limitation set forth in 20 CSR 400-7.100 within 30 days of receipt of Cigna Ohio's remittance advice; and (4) requires a provider audit and corrective action when Cigna Ohio receives information that a provider may not be complying with the Company's administrative requirements for compliance with the 50% limitation on copayments set forth in 20 CSR 400-7.100.

5. Cigna Ohio agrees to create audit procedures to assure that third party vendors comply with the requirements of §376.384.1 (3).

C. **Compliance.** Cigna Ohio agrees to file documentation with the Division within 90 days of the entry of a final order of all remedial action taken to implement compliance with the terms of this stipulation and to document the payment of restitution required by this Stipulation.

D. **Voluntary Forfeiture.** Cigna Ohio agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$94,800, such sum payable to the Missouri State School Fund, in accordance with §374.049 and §374.280, RSMo Supp. 2013.

E. **Other Penalties.** The Division agrees that it will not seek penalties against Cigna Ohio, other than those agreed to in this Stipulation, for the conduct found in Market Conduct Examination 1003-02-TGT.

F. **Waivers.** Cigna Ohio, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the above referenced Market Conduct Examination.

G. **Changes.** No changes to this stipulation shall be effective unless made in writing and agreed to by all signatories to the stipulation.

H. **Governing Law.** This Stipulation of Settlement and Voluntary Forfeiture shall be governed and construed in accordance with the laws of the State of Missouri.

I. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation of Settlement and Voluntary Forfeiture.

J. **Effect of Stipulation.** This Stipulation of Settlement and Voluntary Forfeiture shall not become effective until entry of a Final Order by the Director of the Department of Insurance,

Financial Institutions and Professional Registration (hereinafter the "Director") approving this Stipulation.

K. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation of Settlement and Voluntary Forfeiture and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: 6/12/2015



Angela L. Nelson
Director, Division of Insurance
Market Regulation

DATED: 6/12/2015



Stewart Freilich
Senior Regulatory Affairs Counsel
Division of Insurance Market Regulation

DATED: 6/9/2015



Frank A. Monahan
President
Cigna Healthcare of St. Louis f/k/a
Cigna Healthcare of Ohio d/b/a
Cigna Healthcare of Kansas/Missouri