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Law & Public Affairs



VIA ELECTRONIC MAIL

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The Honorable Teresa Miller
Commissioner,
Pennsylvania Department of Insurance
1326 Strawberry Square
Harrisburg, PA 17120

Dear Commissioner Miller:

Thank you for the opportunity to share Cigna's perspective on balance billing or "surprise bills" that some consumers receive after receiving services in a hospital or other out of network encounter. You are to be commended for considering this issue and convening a hearing as the financial impact of a large "surprise bill" to an individual consumer can be substantial. Please accept my apologies for being unable to appear today in person. We are available to meet, at your convenience, to discuss this issue more fully and to share our experience in other markets.

Cigna is a global health services company dedicated to helping the people we serve improve their health, well-being and financial security. Cigna offers products and services under the Connecticut General Life Insurance Company (CGLIC) or the Cigna Health and Life Insurance Company (CHLIC). These Cigna companies proudly serve our Pennsylvania customers by providing health care solutions to meet their unique needs. Cigna employs more than 5,000 people across the Commonwealth.

For more than 125 years, Cigna has been committed to building a trusted high quality network of health care professionals so we can connect our customers with truly personalized health care. Cigna has been a leader in reducing the administrative burden on doctors and was recognized by the American Medical Association (AMA) in 2013 for having the lowest cost per claim rework score under the AMA's administrative burden index. This is one of many investments that Cigna makes in order to build and maintain robust networks of providers.

Despite these best efforts, there are instances where a Cigna customer who uses an in-network facility and in-network physician encounters and receives treatment from a provider who does not participate in Cigna's network. In those instances, Cigna attempts to protect, to the extent possible, the customer from balance billing. This assistance can take many forms including negotiating settlement payments with providers wherein the provider also agrees to hold the customer harmless.

Cigna as a member of America's Health Insurance Plans (AHIP) and individually has participated in the regulatory activity at the National Association of Insurance Commissioners (NAIC) and supports their recent efforts at developing a common regulatory framework among

the states on this issue. I certainly want to associate Cigna with AHIP's comments today and in particular around the notion of "shared responsibility" among providers, facilities and insurance carriers. For example, we believe that providers have an obligation to provide notice to patients of their network status and if out of network their schedule of billed charges—before the consumer receives care. Cigna and other carriers have a similar obligation to provide and maintain robust provider networks with up to date online directories.

Any legislative solution, which does not embrace the concept of shared financial responsibility, could create perverse incentives for providers to abandon insurer networks. An absolute protection from balance billing and a requirement that insurance carriers pay full billed charges or other charge based reimbursement methods would send insurance premiums skyrocketing.

While the vast majority of healthcare professionals operate in an above board manner, there have been a number of extremely troubling cases of healthcare providers in certain markets abusing the trust of their patients for financial gain. Published reports in a number of states demonstrate that a small portion of providers or facilities operate a non-participating business model wherein providers will sever all or most of their in-network relationships. These providers then increase their charges often to obscene levels--billed charges that are 900% or more of the Medicare allowable are not uncommon. This business model further seeks to entice our in-network customers and expose them to out of network services either via an emergency room encounter, referral patterns or by waiving patient cost sharing. Our mission, to protect the financial security of our customers, demands that we protect them from these price gouging schemes.

We appreciate the opportunity to work with you and other stakeholders on any future legislation related to this issue. Thanks again for allowing us the opportunity to comment on these issues and for considering our perspective. If you have any questions or desire additional information please do not hesitate to contact me.

With every best regard, I am

Sincerely,

Patrick M. Gillespie
Director, SGA