

RECEIVED
INSURANCE DEPARTMENT
06 SEP 29 PM 2:19
ADMIN HEARINGS OFFICE

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
CIGNA HEALTHCARE OF	:	Section 604-A of the Insurance
PENNSYLVANIA	:	Company Law, Act of May 17,
7011 Lee Road, Suite 300	:	1921, P.L. 682, No. 284 (40 P.S.
Wayne, PA 19087	:	§ 908-4(a))
	:	
	:	Section 2166(A) of the Act of June
	:	17, 1998, P.L. 464, No. 68 (40 P.S.
	:	§§ 991.2166)
	:	
	:	Title 31, Pennsylvania Code,
	:	Section 154.18
	:	
Respondent.	:	Docket No. CO06-08-018

CONSENT ORDER

AND NOW, this *29th* day of *September*, 2006, this Order is hereby issued by the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.S. §101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order, and the Findings of Fact and Conclusions of Law contained herein, shall have the full force and effect of an Order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

FINDINGS OF FACT

3. The Deputy Insurance Commissioner finds true and correct each of the following Findings of Fact:

- (a) Respondent is CIGNA Healthcare of Pennsylvania, and maintains its address at 7011 Lee Road, Suite 300, Wayne, Pennsylvania 19087.
- (b) During all times herein, Respondent has been a licensed Health Maintenance Organization with a Certificate of Authority effective May 19, 1987.
- (c) On August 8, 2003, the Department issued a Drug And Alcohol Use And Dependency Coverage Notice 2003-06, notifying all health insurers that Act 106 specifies all group policies, contracts and certificates providing hospital and/or medical/surgical coverage, shall include benefits for alcohol or other drug abuse and dependency.

- (d) Between September, 2003 and April, 2006, Respondent failed to provide prompt payment of clean claims related to drug and alcohol treatment for two insureds.
- (e) The claims referenced above were legitimate claims, however originally were denied by Respondent.
- (f) Respondent asserts that these are the only two claims involving drugs and alcohol that were denied in whole or in part.

CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Deputy Insurance Commissioner concludes and finds the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) Section 604-A of the Insurance Company Law (40 P.S. § 908-4(a)) requires that minimal additional treatment as a covered benefit under that article shall be provided in a facility which meets minimum standards for client-to-staff ratios, and staff qualifications which shall be established by the Office of Drug

and Alcohol Programs, and is appropriately licensed by the Department of Health as an alcoholism or drug addiction treatment program. Before an insured may qualify to receive benefits under this section, a licensed physician or licensed psychologist must certify the insured as a person suffering from alcohol or other drug abuse or dependency and refer the insured for the appropriate treatment.

- (c) Respondent's activities described in paragraphs (c) and (d) constitute a violation of Section 604-A of the Insurance Company Law (40 P.S. § 908-4(a)).
- (d) Section 2166(A) of Act 68 (40 P.S. § 991.2166(a)), requires a licensed insurer or managed care plan to pay a clean claim submitted by a health care provider within 45 days of receipt of the clean claim.
- (e) Respondent's activities described in paragraphs (c) and (d) constitute a violation of Section 2166(A) of Act 68 (40 P.S. § 991.2166(a)).
- (f) Respondent's violations of Section 2166(A) of Act 68 (40 P.S. § 991.2166(a)) are punishable by the following, under Section 2182 of the Act (40 P.S. § 991.2182): Any individual or insurer who violates any of the provisions of this article may be subject to pay a fine not to exceed five thousand dollars (\$5,000.00) per violation.

(g) Title 31, Pennsylvania Code, Section 154.18 provides that licensed insurers and managed care plans shall pay clean claims and the uncontested portions of a contested claim under subsection (d) submitted by a health care provider for services provided on or after January 1, 1999, within 45 days of the licensed insurer's or managed care plan's receipt of the claim from the health care provider. The prompt payment provision applies only to claims submitted under health insurance policies, excluding areas such as automobile and worker's compensation policies.

(p) Respondent's activities described in paragraphs (c) and (d) constitute a violation of Title 31, Pennsylvania Code, Section 154.18.

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Deputy Insurance Commissioner orders and Respondent consents to the following:

(a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.

(b) Respondent shall pay a civil penalty of Ten Thousand Dollars (\$10,000.00) to the Commonwealth of Pennsylvania. This penalty shall be made payable to

the Commonwealth of Pennsylvania, and directed to Sharon L. Harbert, Administrative Assistant, Bureau of Enforcement, 1227 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment may be enclosed with the Consent Order, but must be paid in any event no later than thirty (30) days after the date of the Consent Order.

- (c) Respondent shall make restitution to the drug and alcohol treatment providers for the two insureds referenced in paragraph 3(d). Proof of restitution payment shall be provided to the Insurance Department by Respondent.

6. In the event the Deputy Insurance Commissioner finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein, the Department may pursue any and all legal remedies available, including but not limited to the following: The Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law; or, if applicable, the Department may enforce the provisions of this Order in any other court of law or equity having jurisdiction.

7. Alternatively, in the event the Deputy Commissioner finds that there has been a breach of any of the provisions of this Order, the Deputy Commissioner may declare

this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

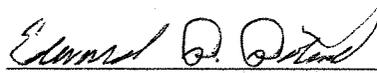
10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. This Order shall be final upon execution by the Deputy Insurance Commissioner. Only the Insurance Commissioner or the duly authorized Deputy Insurance Commissioner is authorized to bind the Insurance Department with respect to the settlement of the alleged violation of law contained herein, and this Consent

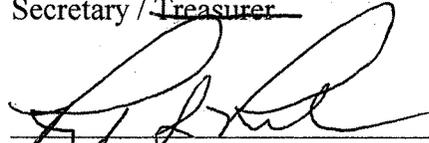
Order is not effective until executed by the Insurance Commissioner or the duly authorized Deputy Insurance Commissioner.

BY: CIGNA HEALTHCARE OF
PENNSYLVANIA, Respondent

President / Vice President



Secretary / ~~Treasurer~~



RANDOLPH L. ROHRBAUGH
Deputy Insurance Commissioner
Commonwealth of Pennsylvania