STATE OF ARIZONA

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## STATE OF ARIZONA

## DEPARTMENT OF INSURANCE

DEPT	. OF INSURA	ANCE
BY	r. OF INSURA	

In the Matter of:	)
CIGNA HEALTHCARE OF ARIZONA,	) No. 04A- <u>035</u> - INS
OIONA HEAETHOAKE OF AKIZONA,	) CONSENT ORDER
Respondent.	)
	)
	) <sup>'</sup>

The State of Arizona Department of Insurance ("Department") has received evidence that CIGNA HealthCare of Arizona ("Respondent") violated provisions of Title 20, Arizona Revised Statutes. Respondent wishes to resolve this matter without the commencement of formal proceedings, and admits the following Findings of Fact are true and consents to entry of the following Conclusions of Law and Order.

## FINDINGS OF FACT

- 1. Respondent is, and was at all material times, authorized as a domestic health care services organization, NAIC No. 95125.
- 2. On or about December 13, 2002, Respondent filed form number 12-2-02 using the Department's Life and Health Division Advertising Transmittal Form. Respondent uses the date as the form number on its Transmittal Form, even though the form itself may have another number. The filing was identified as "CIGNA HealthCare of Arizona Individual & Family Plan Pre-enrollment Kit." The cover letter accompanying the filing stated: "Enclosed is the 2003 Individual & Family Pre-enrollment collateral. The materials will be distributed to potential CIGNA HealthCare members upon their request and through brokers of CIGNA HealthCare products."

- 3. The Department does not have the statutory authority to approve advertising filings, rather it simply treats them as filed unless the advertising is false, deceptive or misleading and the Director disapproves it pursuant to A.R.S. §20-1057(X). The Respondent's advertisement in question was considered "filed" on December 17, 2002.
- 4. On or about May 28, 2003, the Department learned that Respondent was using a portion of the filed document, the Summary of Benefits, not only as advertising material (as a part of the pre-enrollment materials provided to potential members), but that Respondent also provided a copy of the Summary of Benefits to current members upon their request. By providing the Summary of Benefits to current members, CIGNA used the material filed only as advertising materials to amend existing members' contracts without filing an amendment to the evidence of coverage as required by A.R.S. §20-1057(D).
- 5. A.R.S. §20-1057(D) provides that "(n)o evidence of coverage or amendment to the coverage shall be issued or delivered to any person in this state until a copy of the form of evidence of coverage or amendment to the coverage has been filed with and approved by the director." To use the material to amend existing members' contracts, Respondent must file it for approval pursuant to A.R.S. §20-1057(D).

### **CONCLUSIONS OF LAW**

- 1. The Director has jurisdiction over this matter.
- 2. Respondent's conduct as described above constitutes using an unapproved amendment to the evidence of coverage in violation of A.R.S. §20-1057(D).
- 3. Grounds exist for the Director to suspend or revoke Respondent's certificate authority or impose a civil penalty pursuant to A.R.S. §20-1065(A)(6) and (E).

#### ORDER

IT IS HEREBY ORDERED THAT Respondents shall pay a civil penalty of one thousand dollars (\$1000.00) to the Director payable upon the entry of this Order for remission to the State Treasurer for deposit in the State General Fund

DATED AND EFFECTIVE this 27th day of February, 2004.

CHRISTINA URIAS
Director of Insurance

## **CONSENT TO ORDER**

- Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law and Order.
- Respondent admits the jurisdiction of the Director of Insurance, State of Arizona, and admits the foregoing Findings of Fact and consents to the entry of the foregoing Conclusions of Law and Order.
- 3. Respondent is aware of its right to notice and a hearing at which it may be represented by counsel, present evidence and examine witnesses. Respondent irrevocably waives its right to such notice and hearing and to any court appeals relating to this Consent Order.
- 4. Respondent states that no promise of any kind or nature whatsoever, except as expressly contained in this Consent Order, was made to it to induce it to enter into this Consent Order and that Respondent has entered into this Consent Order voluntarily.
  - 5. Respondent acknowledges that the acceptance of this Consent Order by the

1	Director is solely to settle this matter against it and does not preclude any other agenc	;у,			
2	officer, or subdivision of this state from instituting civil or criminal proceedings as may be				
3	appropriate now or in the future.				
4	CIGNA HealthCare of Arizona				
5					
6	Date  By Its President and General Manager				
7					
8					
9	COPIES of the foregoing mailed/delivered this <u>lst</u> day of <u>March</u> , 2004, to:				
10	Nancy B. Bucklin Senior Counsel				
11	CIGNA HealthCare of Arizona				
12	2   11001 North Black Canyon Hwy Phoenix, AZ 85029				
13	Gerrie L. Marks, Deputy Director				
14	Mary Butterfield, Assistant Director Alexandra Shafer, Assistant Director				
15	Dennis Babka, Life & Health Supervisor Catherine M. O'Neil, Consumer Legal Affairs Officer Department of Insurance				
16	2910 North 44 <sup>th</sup> Street, 2 <sup>nd</sup> Floor Phoenix, Arizona 85018				
17	Thochix, Alizona odo to				
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19	Curvey Walters Burton				
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