



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

### Market Conduct Report

of

**Cigna Healthcare of Connecticut, Inc.  
Cigna Health and Life Insurance Company  
Connecticut General Life Insurance Company**

**December 6, 2021**

On August 7, 2019, through February 11, 2021, The Market Conduct Division of the Connecticut Insurance Department examined by targeted review the Mental Health Parity practices of Cigna Healthcare of Connecticut, Inc., Cigna Health and Life Insurance Company and Connecticut General Life Insurance Company (hereinafter referred to as the “Companies”), for the sample period of January 1, 2017 through December 31, 2017.

The evaluation was based on a series of questions, in which the companies provided responses, involving MHPAEA “in-operation” NQTL predominant disparities and their “in-practice” standards applied between three healthcare plan benefits: (1) Medical/Surgical Benefits, (2) Substance Use Disorder Benefits and (3) Mental Health Benefits. Insurers must apply nonquantitative treatment limitations (NQTL) both “as-written” and “in-operation” in a manner that is comparable and not more stringent for MH/SUD benefits than for Med/Surgical benefits in the same classification. The targeted review was limited to Connecticut Health Insurance business.

Cigna Healthcare of Connecticut, Inc., Cigna Health and Life Insurance Company and Connecticut General Life Insurance Company all have their home offices in Connecticut. By authority granted under §38a-15 of the Connecticut General Statutes, this targeted review was conducted by Market Conduct examiners of the State of Connecticut Insurance Department (the Department) at the Department offices in Hartford, Connecticut.

The purpose of the examination survey was to evaluate the Company’s Mental Health Parity Non-Quantitative Treatment Limitation practices and activity in the State of Connecticut. The examiners reviewed the Company’s response, which included information requested for the examination period.

The Insurance Commissioner alleges the Respondent imposed nonquantitative treatment limitations with respect to MH/SUD benefits and was, therefore, under The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, required to provide detailed explanations of how its analysis of its underlying processes, strategies, standards and other factors used to apply NQTL to MH/SUD and to medical/surgical benefits have led the Respondent to conclude that the NQTLs were applied, as

written and in operation, in a manner that was comparable and not more stringent for MH/SUD than for medical/surgical services and was, consequently, in conformance with legal requirements.

The Department's findings are as follows:

With respect to the in-operation comparability analysis, the Insurance Commissioner alleges that the Respondent was unable to provide to the Department's satisfaction, sufficient documentation demonstrating compliant parity analyses, notwithstanding that it was noted that during the period under examination, the Respondent's application of the NQTLs appeared to be contributing to operational results that produced differing outcomes.

- a) in the rate of denial on retrospective benefit claims between MH, SUD and Med/Surg benefits
- b) in the rate of denial on in-network outpatient benefit claims between SUD and Med/Surg benefits
- c) in the out-of-network claims rate between SUD, MH and Med/Surg benefits
- d) in the rate of denial on out-of-network in-patient benefit claims between SUD, MH and Med/Surg benefits

It is required that the Companies review its in-operations comparability analysis for MHPEA review and practices and procedures to enhance compliance with Connecticut statutes in the areas of concern.



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

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IN THE MATTER OF:  
CIGNA HEALTH AND LIFE INSURANCE  
COMPANY:  
-----X

DOCKET MC 21-16

### STIPULATION AND CONSENT ORDER

It is hereby stipulated and agreed between Cigna Health and Life Insurance Company and the State of Connecticut Insurance Department by and through Andrew N. Mais, Insurance Commissioner, to wit:

#### I

WHEREAS, pursuant to a Market Conduct target review, the Insurance Commissioner alleges the following with respect to Cigna Health and Life Insurance Company.

1. Cigna Health and Life Insurance Company, hereinafter referred to as Respondent, is domiciled in the State of Connecticut and is licensed to transact the business of an insurance company in the State of Connecticut under license number 67369, and is authorized to write life, annuity and accident and health lines.
2. From August 7, 2019 through January 29, 2021, the Department conducted an examination of Respondent's market conduct practices in the State of Connecticut covering the period from January 1, 2017 through December 31, 2017.
3. The Insurance Commissioner alleges the Respondent imposed nonquantitative treatment limitations with respect to MH/SUD benefits and was, therefore, under The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, required to provide detailed explanations of how its analysis of its underlying processes, strategies, standards and other factors used to apply NQTL to MH/SUD and to medical/surgical benefits have led the Respondent to conclude that the NQTLs were applied, as written and in operation, in a manner that was comparable and not more stringent for MH/SUD than for medical/surgical services and was, consequently, in conformance with legal requirements.
4. With respect to the in-operation comparability analysis, the Insurance Commissioner alleges that the Respondent was unable to provide to the Department's satisfaction, sufficient documentation demonstrating compliant parity analyses, notwithstanding that it was noted that during the period under examination, the Respondent's application of the NQTLs appeared to be contributing to operational results that produced differing outcomes.

- a. in the rate of denial on retrospective benefits claims between MH, SUD and Med/Surg benefits
  - b. in the rate of denial on in-network outpatient benefit claims between SUD and Med/Surg benefits
  - c. in the out-of-network claims rate between SUD, MH and Med/Surg benefits
  - d. in the rate of denial on out-of-network inpatient benefit claims between MH, SUD and Med/Surg benefits
5. The Commissioner finds that the conduct as described above constitutes cause for the imposition of a fine or other administrative penalty under §§38a-2 and 38a-41 of the Connecticut General Statutes. The Commissioner makes no finding that Cigna violated the NQTL requirements in MHPAEA during the Examination Period.

## II


1. WHEREAS, Respondent denies the allegations contained in paragraphs three, and four and denies the finding in paragraph five that the penalty or fine is warranted of Article I of this Stipulation; and
2. WHEREAS, during the Targeted Market Conduct Exam, the Respondent provided explanations for any alleged disparities in outcome data described in paragraph four above, and maintained throughout the exam that the alleged disparities in outcome data are not determinative of non-compliance with parity obligations; Respondent contends that some of the alleged percentage differences in outcome were not material and that its explanations and analysis of comparable processes provided sufficient documentation of parity compliance in operation.
3. WHEREAS, the Respondent agrees to undertake a complete review of its in-operations comparability analysis for MHPEA review and practices and procedures to enhance compliance with Connecticut statutes in the areas of concern, as described in the Respondent Targeted Market Conduct Exam and this Stipulation. The Respondent will provide the Insurance Commissioner with a summary of actions taken to comply with the recommendations in the Respondent Targeted Market Conduct Exam Report within one hundred twenty (120) days of the date of this Consent Order and Stipulation.
4. WHEREAS, Respondent agrees to pay a fine in the amount of \$25,000 for failure to demonstrate compliance described herein; and
5. WHEREAS, Respondent, being desirous of terminating this proceeding without the necessity of a formal proceeding or further litigation, does consent to the making of this Consent Order and voluntarily waives:
  - a. any right to a hearing; and
  - b. any requirement that the Insurance Commissioner's decision contain a statement of findings of fact and conclusions of law; and
  - c. any and all rights to object to or challenge before the Insurance Commissioner or in any judicial proceeding any aspect, provision or requirement of this Stipulation.

6. WHEREAS, nothing contained in this Stipulation and Consent Order, nor any action taken by Respondent in connection with the examination or the payment of any monetary penalty and any recitations set forth in this Stipulation and Consent Order, shall constitute, or be construed as, an admission of liability or evidence of unlawful conduct, or be admissible in any judicial or other proceeding for the purpose of proving liability or unlawful conduct against Respondent or any of its past or present parents, affiliates or subsidiaries.

NOW THEREFORE, upon the consent of the parties, it is hereby ordered and adjudged:

1. That the Insurance Commissioner has jurisdiction of the subject matter of this administrative proceeding.
2. That Respondent is fined the sum of Twenty-Five Thousand Dollars (\$25,000) for failure to demonstrate compliance as described herein above.

Cigna Health and Life Insurance Company

By:   
(Representative of Insurance Company) Wendy Sherry

CERTIFICATION

The undersigned deposes and says that ~~he~~/she has duly executed this Stipulation and Consent Order on this 9 day of December 2021 for and on behalf of Cigna Health and Life Insurance Company., that ~~he~~/she is the Vice President of CHLIC of such company, and ~~he~~/she has authority to execute and file such instrument.

By: Wendy Sherry  
Wendy Sherry

State of Connecticut

County of Hartford

Personally appeared on this 9 day of December 2021  
Wendy Sherry signer and sealer of the foregoing Stipulation and Consent Order, acknowledged same to be his/her free act and deed before me.

Analie Bosco  
Notary Public/Commissioner of the Superior Court

**ANALIE BOSCO**  
**NOTARY PUBLIC**  
MY COMMISSION EXPIRES MAR. 31, 2022



*Section Below To Be Completed by State of Connecticut Insurance Department*

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Dated at Hartford, Connecticut this 21 day of December 2021.

Andrew N. Mais  
Andrew N. Mais  
Insurance Commissioner