

**STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL**

In the Matter of

CIGNA CORPORATION

Investigation No. 09-008

**ASSURANCE OF DISCONTINUANCE
UNDER EXECUTIVE LAW § 63(15)**

As authorized by Article 22-A of the General Business Law and Section 63(12) of the Executive Law, Andrew M. Cuomo, Attorney General of the State of New York, initiated an industry-wide investigation into certain business practices of health insurers, including CIGNA Corporation (“CIGNA”). The investigation concerns the system that health insurers use to reimburse consumers who have seen doctors¹ outside of the insurer’s network (commonly referred to as “out-of-network”).

WHEREAS the Attorney General finds that health insurers typically promise to reimburse members² for out-of-network care based on the fair market rate of the billed services, which insurers describe as the “reasonable and customary,” “usual, customary and reasonable,” or “prevailing” rate;

WHEREAS the Attorney General finds that the largest health insurers in the country and the State of New York, including UnitedHealth, Aetna, CIGNA and Wellpoint;³ use schedules

¹ “Doctors” and “physicians” refers to all nonfacility healthcare providers unless the context indicates otherwise.

² “Members” refers to participants and beneficiaries in the insurer’s health care benefit plans unless the context indicates otherwise.

³ Wellpoint’s subsidiary, Empire BlueCross BlueShield, the largest insurer in the State of New York, uses the Ingenix schedules to determine reimbursement rates.

(the “Ingenix schedules”) compiled by the same data company, namely, Ingenix, Inc.

(“Ingenix”), in determining reimbursement rates⁴ for out-of-network care;

WHEREAS the Attorney General finds that among Ingenix’s sources of information are the largest health insurers in the country and the State, including UnitedHealth, Aetna, CIGNA and Wellpoint;

WHEREAS Ingenix is a wholly-owned subsidiary of UnitedHealth;

WHEREAS the Attorney General finds that Ingenix has a conflict of interest in creating the schedules used as a basis for reimbursement by UnitedHealth;

WHEREAS the Attorney General finds that health insurers have an incentive to manipulate the data they submit to Ingenix so as to depress reimbursement rates they determine using the Ingenix schedules, given their own reimbursement obligations toward consumers;

WHEREAS the Attorney General finds that the Ingenix databases are a “black box” to consumers, who are left in the dark as to what reimbursement rates to expect for their out-of-network care;

WHEREAS the Attorney General finds that consumers should not be required to write effectively a blank check for out-of-network services, but should instead be able to shop intelligently for those services before choosing their doctors;

⁴ “Reimbursement rates” refers to out-of-network reimbursement rates defined by reference to physicians’ billed charges, currently referred to as the “reasonable and customary,” “usual, customary and reasonable,” “prevailing” rate, and “average, prevailing,” or similar language.

WHEREAS most insured Americans have insurance plans allowing them to choose their own doctor;⁵

WHEREAS the Attorney General finds that this is a national problem affecting millions of consumers who are generally responsible to pay out-of-network bills irrespective of how much their insurers decide to reimburse them;

WHEREAS the Attorney General finds that the system that is meant to reimburse consumers fairly as a reflection of the market is instead wholly owned and operated by the industry;

WHEREAS the Attorney General finds that a solution requires that the healthcare system be fundamentally reformed by creating a new, independent database, not controlled by any insurer, to be used for determining fair and accurate reimbursement rates;

WHEREAS the Attorney General finds that a website should be made available to the public to disclose reimbursement rate information and to educate consumers, bringing much needed transparency to the out-of-network system; and

WHEREAS the Company has agreed to comply with the provisions of this Assurance of Discontinuance (the "Assurance") in accordance with New York Executive Law Section 63(15).

⁵ These include managed care plans with out-of-network options as well as indemnity plans, which frequently reimburse members based on usual and customary rates.

CIGNA CORPORATION

1. CIGNA is a Delaware corporation with executive offices located in Philadelphia, Pennsylvania.

2. “Company” or “CIGNA” means CIGNA Corporation and each and every one of its divisions, subsidiaries, and affiliates. An “affiliate” of the Company encompasses any entity that controls, is controlled by, or is under common control with the Company. For purposes of all terms and conditions of this Assurance that are to be performed or satisfied in the future, “Company” shall include future divisions, subsidiaries, and affiliates of the Company, including, but not limited to, any entities or operations that the Company may hereafter acquire, or merge with, or otherwise become affiliated.

THE ATTORNEY GENERAL’S INVESTIGATION

3. During 2007 and 2008, the Office of the Attorney General (the “OAG”) received complaints that consumers did not understand how health insurers computed reimbursement rates or how to challenge those determinations. Consumers questioned the rates of reimbursement for out-of-network care. Accordingly, the OAG initiated an investigation of certain insurers’ determination of reimbursement rates for out-of-network services.

4. During the course of the investigation, the OAG collected and reviewed documents, analyzed data, and consulted with representatives of insurers, consumer advocacy groups, medical societies and organizations, and experts in the fields of health care economics and statistics.

STATUTORY BASES

5. The OAG investigated whether certain of the Company's alleged acts, practices, and omissions above violated: (a) Section 349 of the New York General Business Law, which prohibits deceptive acts or practices in the conduct of any business, trade, or commerce in the State of New York; or (b) Section 2601(a) of the New York Insurance Law, which prohibits insurers from engaging in unfair claims settlement practices.

6. In addition, the OAG investigated whether the Company's alleged acts and practices constituted repeated or persistent fraudulent and illegal conduct in violation of New York Executive Law Section 63(12).

FINDINGS OF THE ATTORNEY GENERAL

7. Health insurance is a valuable employee benefit or consumer purchase. Clear and accurate information is critical to consumers making healthcare decisions, including the choice of physician.

8. Certain health insurers offer lower premiums in connection with health plans where members agree to confine themselves to preferred "networks" or lists of physicians or other healthcare providers. These providers, in turn, agree to provide services for negotiated lower rates. Certain insurers charge higher premiums in connection with health plans that afford members the right to select providers from outside these preferred networks. These "out-of-network" providers have not contracted with the health insurers to provide services to members. For members who wish to see these out-of-network providers, insurers frequently promise to reimburse a percentage of either the actual amount of the charge or of the usual and customary rate, whichever is less.

9. UnitedHealth's wholly-owned subsidiary Ingenix maintains the Prevailing Healthcare Charges System ("PHCS") and Medical Data Research ("MDR") databases (collectively, the "Ingenix Databases") with data contributed by various insurers and other entities. The Ingenix Databases generate the Ingenix schedules that are widely used by health insurers as a benchmark in determining reimbursement rates.

10. The OAG investigated numerous issues concerning the Ingenix Databases, including, but not limited to: (a) whether UnitedHealth's ownership of Ingenix creates a potential conflict of interest in determining reimbursement rates; (b) whether Ingenix manipulates the Ingenix Databases by deleting valid "high" charges and deleting proportionately more "high" charges than "low" charges; (c) whether some data contributors themselves delete valid "high" charges from the data they submit; (d) whether the Ingenix Databases contain information about the out-of-network provider's training and qualifications, the type of facility where the comparative service was provided, and the patient's condition; (e) whether Ingenix pools data from dissimilar providers (such as nurses, physician assistants, and physicians) for use in the Ingenix Databases; and (f) whether Ingenix audits data from data contributors to ensure that they have not included, among other things, negotiated or discounted rates.

11. The Attorney General finds that UnitedHealth has a conflict of interest in owning and operating the Ingenix Databases in connection with determining reimbursement rates. "Usual and customary rate" is a form of market rate designed to reflect how much doctors typically charge for the healthcare service in question. UnitedHealth subsidiaries have an obligation to reimburse members a percentage of the "usual and customary rate," depending on

the particular benefit plan of the insured. This gives UnitedHealth a financial incentive to understate the “usual and customary” rate so as to reduce the amount reimbursed to consumers.

12. The Attorney General finds for the same reason that other health insurers have a conflict of interest in using the Ingenix Databases in determining reimbursement rates. Furthermore, other health insurers have a financial incentive to manipulate the data they provide to the Ingenix Databases so that the pooled data will skew reimbursement rates downward. When combined with Ingenix’s lack of incentive to audit the data it receives and pools, consumers are at risk of under-reimbursement.

13. The largest health insurers in the country and in New York have for years used the Ingenix schedules as a benchmark for determining reimbursement rates for out-of-network care, making Ingenix the industry leader in this area.

14. The “usual and customary rate” is designed to reflect the market and as such should be determined by an independent third party free of conflicts of interest. The Attorney General rejects the notion that a health insurer can fairly determine market rates which the insurer knows it will be obliged to use as a basis for reimbursing consumers.

15. The basis and process of determining reimbursement rates is a black box to the consumer. Health insurers do not explain how they arrive at these rates and do not disclose their conflicts of interest. The lack of pricing and reimbursement information available to healthcare consumers is striking. Given the cost of healthcare and health insurance, it should go without saying that consumers need clear and accurate information before choosing their health insurance and before deciding whether to see an out-of-network doctor or other healthcare provider. Yet consumers typically do not know what they will end up owing before they go out of network. In

effect, they are asked to write a blank check for healthcare services without any meaningful information about the extent of reimbursement they should expect. Under these circumstances, consumers have practically no ability to shop intelligently for services in the out-of-network market and this problem must be remedied.

16. The structure of the out-of-network reimbursement system is broken. The system that is meant to reimburse consumers fairly as a reflection of the market is instead wholly owned and operated by the industry. The determination of out-of-network rates is an industry-wide problem and accordingly needs an industry-wide solution. Consumers require an independent database to reflect true market rate information, rather than a database owned and operated by a health insurance company. A viable alternative that provides rates fairly reflecting the market based on reliable data and unbiased standards should be created to solve this problem. Specifically, an independent database should be set up to determine rate information by receiving and analyzing millions of pieces of claims data or other relevant billing information for the full range of healthcare services across the United States.

17. Moreover, consumers should be able to find out the rate of reimbursement before they decide to go out of network, and they should be able to find out the purchase price before they shop for insurance policies or for out-of-network care.

18. The groundbreaking reforms established by this Assurance will revolutionize the antiquated, conflict-riddled system used by hundreds of insurers across the country and affecting millions of Americans. The new system will independently and rigorously determine the prevailing rate of healthcare services. And, for the first time, the public will be able to learn the prevailing rate of healthcare services *before* choosing their doctor.

IT NOW APPEARING THAT the Company desires to resolve the conflict of interest questions and help provide transparent information for consumers in the out-of-network setting;

THEREFORE, the OAG and the Company hereby enter into this Assurance as follows:

REFORM OF THE INDUSTRY

19. This Assurance accomplishes the Attorney General's goals of reforming the out-of-network reimbursement system by creating an independent database for out-of-network rate purposes and increasing transparency for consumers by creating a website to inform and educate the public about reimbursement rates.

20. A qualified, independent, university-level school of public health or other appropriate school in New York (the "School") will be selected to establish and operate an independent database (the "New Database") for academic research and as a tool for determining reimbursement rates.

21. The School will perform the functions described herein through a New York not-for-profit corporation (the "Not-for-Profit Company"), which will have a representative board of directors approved by the OAG.

22. The Not-for-Profit Company, as determined by the OAG, will be the owner and operator of the New Database. The Not-for-Profit Company will collect the data from data contributors and convey rate information to the recipients for reimbursement rate purposes, and will publish rate information for industry users and the public in a transparent way.

23. The Not-for-Profit Company will make rate information from the New Database available for academic research and to health insurers to help determine reimbursement rates for a period of at least five years. The School and/or the Not-for-Profit Company will also seek to

solicit data from other health insurers and contract with other health insurers to establish itself as the independent, credible source for reimbursement information nationwide.

24. The Not-for-Profit Company or other entities as determined by the OAG will create a website available to the public to disclose out-of-network reimbursement rates for healthcare services in relevant geographic locations, and provide consumer education services in the area of health care. The website is described in further detail in Paragraphs 32 and 33 of this Assurance.

25. The Company shall give the School and/or the Not-for-Profit Company all data for all available years and all methodologies, computer programs used to accept and analyze the data, and the code forensics (changes in the codes over time) relating to the Ingenix Databases reasonably necessary in the judgment of the OAG to establish and operate the New Database (the "Database Materials"). The Company shall cooperate fully with the School and the Not-for-Profit Company and render all requested information and assistance, technical and otherwise, including any requested measures with respect to existing data, reasonably necessary in the judgment of the OAG to establish expeditiously and operate the New Database and the Consumer Website.

26. The Company shall contribute the sum of \$10 million (the "Sum") for the benefit of the Not-for-Profit Company or other entities as determined by the OAG to fund the establishment and operation of the New Database and the website described in this Assurance, related services, and consumer education efforts. The Company shall pay the Sum to the Not-for-Profit Company as directed by the OAG under such terms and conditions, and in such increments and on such dates, as the OAG directs.

27. The School and the Not-for-Profit Company shall use their best efforts to ensure that the New Database is available for use as soon as possible after the signing of the Database Agreement described in Paragraph 31 of this Assurance.

28. The OAG will notify the Company when the New Database is available for use by the Company. Within sixty (60) days of such notification (the "Notification Date"), the Company shall cease using the Ingenix Databases to determine reimbursement rates, irrespective of any disclaimer by Ingenix. Also within sixty (60) days of the Notification Date, unless excused by the OAG, the Company shall use the New Database in determining reimbursement rates for a period of five years, and shall not own, operate, or fund any other database product that provides data pooled from more than one insurer to other health insurers for determining reimbursement rates.

29. The Company shall contribute all claims data requested by the OAG and/or the Not-for-Profit Company for a period of at least five (5) years from the Notification Date. The Company shall endeavor to provide data that is as accurate and reliable as possible, in the form and manner requested by the Not-for-Profit Company. During the five-year period, the Company shall not be required to pay a fee for the use of the New Database for determining reimbursement rates.

30. The School will nominate for the OAG's approval a qualified person or entity to monitor the progress of the School and/or the Not-for-Profit Company in performing

the functions described in this Assurance (the “Contract Monitor”). The Contract Monitor will be paid from the Sum described in Paragraph 26 of this Assurance. The Contract Monitor will report periodically to the OAG on such terms and conditions as the OAG will direct.

31. The OAG will enter into a separate agreement (the “Database Agreement”) with the School and/or the Not-for-Profit Company governing the functions described in this Assurance. The Company understands that the OAG will have total discretion to negotiate the terms and other contractual arrangements with the School and/or the Not-for-Profit Company, including duration, services, use of financial proceeds, budgets, deadlines, cancellation, publication, websites, data sharing and any other terms and conditions the OAG deems appropriate. In the event that the OAG cancels the agreement with the School and/or the Not-for-Profit Company, or selects a new school or not-for-profit company to perform the functions described herein, this Assurance shall remain in full force and effect, and the OAG shall notify the Company how to disburse any remaining portion of the Sum described in Paragraph 26 of this Assurance.

CONSUMER WEBSITE

32. The Not-for-Profit Company will create a website (the “Healthcare Information Transparency Website” or “HIT Website”) accessible to the public. The HIT Website will include a search function that permits users to select medical services and the zip codes for the areas where the services are sought. The search result will indicate clearly the prevailing charge amount at a stated percentile in a given geographic area, or a range of charges, from the New Database. With the search result, the HIT Website will remind consumers who access the site that their insurers or third-party administrators determine reimbursement amounts by reference to

the applicable benefit plan document, and that the plan's sponsor or claims fiduciary may administer such benefit plan by applying a predetermined percentile of the New Database, various reimbursement policies, co-insurance, and deductibles in determining the actual reimbursement amount, or may determine reimbursement amounts using a mechanism other than the New Database or other databases of provider charges. The HIT Website will advise consumers to refer to applicable benefit plan documents or the consumer's plan administrator or insurer for further information regarding the consumer's individual plan. With the search result, the HIT Website also will remind consumers that they may be financially responsible for the balance of their providers' charges that exceed the amounts paid by their insurance or health care benefit plans.

33. The HIT Website also will describe in a transparent manner the purpose of the website, the search function, and how a health care benefit plan's reimbursement rate standard or other benchmark for determining reimbursement for out-of-network health care services may impact consumers' out-of-pocket costs. The School and the Not-for-Profit Company will use commercially reasonable efforts to launch the HIT Website within ninety (90) days after the first release of the New Database is available for use.

MEMBER DISCLOSURES

34. Within ninety (90) days after the Effective Date defined in Paragraph 49 of this Assurance, the Company shall provide additional information to its members on the Company's internet website portal accessible to members (the "Website") concerning the New Database and explaining the Company's method of determining reimbursement rates. The Company shall disclose to its members on the Website any transitional use of any Ingenix Databases, including

the fact that Ingenix is owned by UnitedHealth. The Company also shall revise as applicable its benefit plan documents and disclosures to members, or in a separate writing to members approved in advance by the OAG, to describe clearly and accurately its out-of-network reimbursement policies and to disclose any transitional use of any Ingenix Databases, including the fact that Ingenix is owned by UnitedHealth, within a commercially reasonable time after the Effective Date.

NOT EVIDENCE; NO ADMISSION OF LIABILITY

35. In no event shall this Assurance, in whole or in part, whether effective, terminated, or otherwise, or any of its provisions or any negotiations, statements, or proceedings relating to it be construed as, offered as, received as, used as, or deemed to be evidence of any kind in any action or proceeding, except in a proceeding to enforce this Assurance. Without limiting the foregoing, neither this Assurance nor any related negotiations, statements, or proceedings shall be construed as, offered as, received as, used as, or deemed to be evidence, or an admission or concession of liability of wrongdoing or breach of any duty on the part of any party, or as a waiver by any party of any applicable defense, including without limitation any applicable statute of limitations. None of the parties waives or intends to waive any applicable attorney-client privilege or work product protection for any negotiations, statements, or proceedings relating to this Assurance. This provision shall survive termination of this Assurance.

DISCONTINUANCE OF INVESTIGATION

36. The OAG shall discontinue its investigation of the Company with respect to the conflict of interest issues described in this Assurance. The Attorney General reserves the right to

seek financial relief such as restitution.

COSTS

37. The Company shall pay the amount of \$60,000 to the OAG for costs incurred by the OAG in its investigation of the Company. The Company shall make this payment within thirty (30) days following the Effective Date of this Assurance.

COMPANY TO BEAR COSTS

38. The Company shall not seek contribution or indemnity for the funding of the OAG costs or payments made to the Not-for-Profit Company in connection with the New Database from managed care or health insurance companies based on their operation of or submission of data to the Ingenix Databases, the State of New York, the New York State Department of Civil Service, or any other employer, agency, authority, and/or other entity that participates in the New York State Empire Plan (the "Empire Plan"), or any other plan offered through the New York State Health Insurance Program or any other employer, government agency, authority and/or other government entity.

MONITORING BY THE OAG

39. The OAG may request documents and information from the Company to confirm that the Company is in compliance with the terms of this Assurance, and the Company shall cooperate in responding to the OAG's requests.

40. This Assurance does not in any way limit the OAG's right to obtain, by subpoena or by any other means permitted by law, documents, testimony, or other information to determine whether the Company has complied fully with this Assurance.

JURISDICTIONS THAT REQUIRE USE OF INGENIX DATABASES

41. To the extent that any jurisdiction currently requires the Company to use the Ingenix Databases as the basis for determining reimbursement for out-of-network health care services, the Company shall notify the appropriate regulatory authority of this Assurance within sixty (60) days of the Effective Date. To the extent that any regulatory authority informs the Company that the provisions of this Assurance are inconsistent with the pertinent requirements of law, regulation, contract under its purview, the Company promptly shall notify the OAG.

MEMBERS' RIGHTS; LEGAL CONFLICTS

42. To the extent any provisions of this Assurance provide greater benefits to members than that required under the laws or regulations of the State of New York, any other State or Territory of the United States, or the United States as of the Effective Date or later, then the terms of this Assurance shall prevail.

43. Nothing in this Assurance is to be construed as narrowing or limiting any member's rights or any of the Company's obligations under the laws of the State of New York or the United States, or any applicable regulations thereunder. In the event there is an unresolved conflict between the requirements of the AOD and the laws of another jurisdiction or the express language of an existing contractual obligation by the Company, the OAG will resolve the conflict so as not to impose additional liability on the Company for complying with this Assurance.

DEADLINES

44. In the event that the Company in the exercise of good faith is unable to comply with a deadline prescribed in this Assurance, the Company may request additional time from the

OAG to comply with the relevant provision.

OAG'S AUTHORITY

45. Nothing in this Assurance in any way limits the OAG's ability to investigate or take other action with respect to any non-compliance at any time by the Company with respect to this Assurance, or the Company's noncompliance with any applicable law with respect to any matters.

VALID GROUNDS AND WAIVER

46. The Company hereby accepts the terms and conditions of this Assurance and waives any right to challenge it in a proceeding under Article 78 of the Civil Practice Law and Rules or in any other action or proceeding.

CORRESPONDENCE AND PAYMENT

47. All correspondence and payment that the Company submits to the OAG concerning this Assurance or any related issues is to be sent to the attention of the person identified below or his successor:

James E. Dering, Esq.
Deputy Chief, Health Care Bureau
Office of the New York Attorney General
The Capitol
Albany, NY 12224-0341

All checks issued pursuant to this Assurance as agreed payment of the OAG's costs shall be made out to "State of New York Department of Law" and reference "Investigation No. 09-008."

MISCELLANEOUS

48. The Company shall not take any action to make or permit to be made any public statement denying, directly or indirectly, any findings of the Assurance or creating the

impression that this Assurance is without factual basis. Notwithstanding the above, nothing in this Assurance shall affect or limit the Company's rights or legal or factual defenses in any litigation not brought by the New York State Attorney General, including but not limited to the Company's right to take any legal or factual positions in defense of litigation related to its use of Ingenix schedules.

SUCCESSORS

49. This Assurance and all obligations imposed on or undertaken by the Company are binding upon and enforceable against any subsequent owner or operator (whether by merger, transfer of control, contractual arrangements, or other means) of the Company.

EFFECTIVE DATE

50. This Assurance is effective upon the date of its last signature (the "Effective Date"), and the document may be executed in counterparts, which shall all be deemed an original for all purposes.

GOVERNING LAW

51. This Assurance and all agreements, exhibits, appendices, and documents relating to this Assurance shall be construed under the laws of the State of New York, excluding its choice of law rules.

NO PRESUMPTION AGAINST DRAFTER

52. None of the parties shall be considered to be the drafter of this Assurance or any provision for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter hereof. This Assurance was drafted with substantial input by all parties and their counsel, and no reliance was placed on any representation other than those contained in this Assurance.

DIVISIONS AND HEADINGS

53. The division of this Assurance into sections and subsections and the use of captions and headings in connection herewith are solely for convenience and shall have no legal effect in construing the provisions of this Assurance.

ENTIRE AGREEMENT; AMENDMENT

54. This Assurance, including its exhibits and appendices, contains an entire, complete, and integrated statement of each and every term and provision agreed to by and among the parties, and the Assurance is not subject to any condition not provided for herein. This Assurance supersedes any prior agreements or understandings, whether written or oral, between and among the OAG and the Company regarding the subject matter of this Assurance. This Assurance may be amended or modified only as provided in a written instrument signed by or on behalf of all signatories to this Assurance (or their successors in interest).

AUTHORITY

55. Each Person signing this Assurance on behalf of a party represents and warrants that he or she has all requisite power and authority to enter into this Assurance and to implement the transactions contemplated herein, and is duly authorized to execute this Assurance on behalf of that party.

AGREED TO BY THE PARTIES:

Dated: February ____, 2009

CIGNA CORPORATION

By: _____
Signature

Name

Title

Dated: February ____, 2009

**ATTORNEY GENERAL OF
THE STATE OF NEW YORK**

ANDREW M. CUOMO