

STATE OF VERMONT Department of  
Financial Regulation  
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Act 150 (2011 Adj. Sess.) Addendum to Health insurer Annual Statement  
2014 Annual Statement, due March 1, 2015

Submission of this form is required of all health insurers with a minimum of 2,000 Vermont lives covered at the end of the preceding year or who offer insurance through the Vermont health benefit exchange pursuant to 33 V.S.A. chapter 18, subchapter 1.

Name of Health Insurer: Cigna Health and Life Insurance Company (CHLIC)

State of Domicile: Connecticut

Total number of states in which health insurer operates: 50 and District of Columbia, Puerto Rico and the U.S. Virgin Islands

List names of states where licensed (other than Vermont): CHLIC is licensed in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands

Total number of Vermont lives covered (defined as the total of the Individual Comprehensive Health Coverage, Small Group Comprehensive Health Coverage and Large Group Comprehensive Health Coverage columns in Part 1 of the filed Supplemental Healthcare Exhibit for the State of Vermont): 4,025

Contact Person: Lea Anna Tonkin Contact Phone Number: 860.902.6866

**General:**

Reporting is on a calendar year basis.

Who must report –Health insurers that file annual statements with the Department of Financial Regulation under 8 V.S.A. § 3561, 4516, 4588 or 5106 with a minimum of 2000 Vermont lives covered at the end of the preceding calendar year or who offer insurance through the Vermont health benefit exchange pursuant to 33 V.S.A. chapter 18, subchapter 1.

Health insurers are not required to report on -Administrative Services Only|| business, but are required to include claims and appeals on insured lives that are handled by delegates. Medical claims include all categories of claims that are not pharmacy claims. Medical claims do not include pediatric dental or pediatric vision claims incurred in 2014 and reported in 2015.

## **Part I - Claim Submission & Denials**

### **Instructions:**

In Part I.A, health insurers must report total claims volume breaking out medical and pharmacy claims, denials, denial percentage and the rate of denials per member per month. Column (1) describes claim category; column (2) provide total volume of claims by category; column (3) provide total number of denied claims by category (4) provide total number of denied claims as a percentage of total claims; column (5) provide denied claims on a per member per month basis.

In Part I.B, health insurers must report total administrative claims and denial volume by type. Administrative denials are denials that involve provider contractual obligations or other contractual or administrative requirements (do not include claims that involve member impact, see Part I.C below). Column (1) describes claim category; column (2) provide total volume of claims by category; column (3) provide total number of denied administrative claims by category (4) provide total number of denied administrative claims as a percentage of total claims; column (5) provide administrative claim denials on a per member per month basis.

Claims that involve Administrative Denials (including provider contract obligations or other contractual or administrative requirements) include:

- Denials with no member impact
- Duplicate, claim check
- Invalid place of service
- Invalid coding, including CPT HCPC
- Refill too soon
- Member not active – claims that are provider liability (member hold harmless)
- Other administrative denials

In Part I.C, health insurers must report total member impact claims volume and denial volume by type. Member impact claim denials are those claim denials that directly impact member cost sharing, member certificate compliance or coverage (do not include claims that involve provider contractual obligations or other contractual or administrative requirements). Column (1) describes the claim category; column (2) provide total volume of claims by category; column (3) provide total number of denied member impact claims by category (4) provide total number of denied member impact claims as a percentage of total claims; column (5) provide member impact claim denials on a per member per month basis.

Claims that involve Member Impact include:

- Not covered/excluded
- Benefit limits met
- Paid at lower level of benefit
- Prior Approval was denied
- Claim submitted not FDA approved
- Step & quantity limits
- Out-of-network
- Investigational/experimental
- Waiting periods
- Not medically necessary
- Other Member Impact denials

Administrative claim denials reported in I.B and Member Impact claim denials reported in I.C must equal totals reported in Part I.A. Rates calculated on a per member basis must use the average number of members at the end of each month during the period for the applicable category of claims, i.e., medical claims or pharmacy claims, that is being reported.

Part I.A Total Claims and Denials

Claims Category (1)	Total number (2)	Total denied (3)	Denial % (4)	PMPM Denial Rate (5)
Medical claims	115,321	8,845	7.67%	0.18
Pharmacy Claims	38,976	5,577	14.31%	0.12
<b>Grand Total</b>	<b>154,297</b>	<b>14,422</b>	<b>9.35%</b>	<b>0.30</b>

Part I.B Administrative Denials Only

Claims Category (1)	Total number (2)	Total denied (3)	Denial % (4)	PMPM Denial Rate (5)
Medical claims	115,321	6,396	5.55%	0.13
Pharmacy Claims	38,976	2,338	6.00%	0.05
<b>Grand Total</b>	<b>154,297</b>	<b>8,734</b>	<b>5.66%</b>	<b>0.18</b>

Part I.C Member Impact Denials Only

Claims Category (1)	Total number (2)	Total denied (3)	Denial % (4)	PMPM Denial Rate (5)
Medical claims	115,321	2,449	2.12%	0.05
Pharmacy Claims	38,976	3,239	8.31%	0.07
<b>Grand Total</b>	<b>154,297</b>	<b>5,688</b>	<b>3.69%</b>	<b>0.12</b>

**Part II – Prior Approval & Appeals Reporting**

In Part II.A, health insurers must report prior authorization and pre-service appeal activity. Row 1 is for prior authorization requests, Row 2 is 1<sup>st</sup> level appeals, Row 3 is 2<sup>nd</sup> level appeals and Row 4 is for external appeals. Column (1) describes the types of activity covered count on a per member per month basis. In Column (2) provide the total number of requests for prior authorization or appeals in the category, the total number denied (PA) or overturned (appeals) and the denial or overturned rate, respectively. In Column (3) provide requests for prior authorization or appeals on a PMPM basis and the requests denied or appeals overturned on a PMPM to members. Plans should report only –member based|| appeals which includes requests or appeals filed by members or filed by a provider on behalf of a member but should not include requests or appeals that are not member based.

In Part II.B, health insurers must report post-service appeal activity. Row 1 is 1<sup>st</sup> level, Row 2 is 2<sup>nd</sup> level and Row 3 is for external appeals. Column (1) describes the types of activity covered count on a per member per month basis. In Column (2) provide the total number of appeals in the category, the total number overturned and the overturned rate. In Column (3) provide appeals on a PMPM basis and the appeals overturned on a PMPM to members.

The prior authorization and appeal activity reported should include each level of appeal concluded during the calendar year even though this could result in overstatement due to members accessing more than one appeal level for the same claim. First level appeals that are taken to second level or to external review are not netted out. Second level appeals that are taken to external review are not netted out. Rates calculated per member per month must use the average number of members at the end of each month during the period for the applicable category of claims, i.e., medical claims or pharmacy claims that is being reported.

**Part II.A—Member Based Prior Authorization Requests, Appeals and Pre-service**

<b>Requirement (1)</b>	<b>Medical Claims &amp; Pharmacy Health Insurer (2)</b>	<b>PMPM (3)</b>
<b>Prior Authorizations, including prior authorizations to bypass medical or pharmacy utilization management programs</b>	Total Requested:1424 Total Denied:191 Denial Rate:13.4%	Requested 0.029 Denied: 0.004
<b>First level prior authorization and pre-service appeals</b>	Total Appeals: 8 Total Overturned:4 Overturned Rate:50%	Appeals: 0.0002 Overturned: 0.0001
<b>Second level prior authorization and pre-service appeals</b>	Total Appeals:0 Total Overturned:0 Overturned Rate:0	Appeals: 0 Overturned: 0
<b>External review of prior authorization and pre-service appeals</b>	Total Appeals: 0 Total Overturned:0 Overturned Rate:0	Appeals: 0 Overturned: 0

Part II. B Post-Service Appeals Reporting

Requirement (1)	Medical Claims & Pharmacy Health Insurer (2)	PMPM (3)
First level appeals of post-service adverse determinations.	Total Appeals: 8 Total Overturned: 2 Overturned Rate:25%	Appeals: 0.0002 Overturned: 0.00004
Second level appeals of post-service adverse determinations.	Total Appeals: 0 Total Overturned: 0 Overturned Rate:0	Appeals: 0 Overturned: 0
External review of post-service appeal determinations	Total Appeals: 0 Total Overturned:0 Overturned Rate:0	Appeals: 0 Overturned: 0

**Part III – Corporate Officer and Board Compensation**

Each health insurer shall report corporate officer and board compensation in Part III, regardless of the amount of total compensation. In Column (1) provide the title of the company officer. Column (2): Salary means fixed compensation paid regularly for services and includes compensation withheld and payable only upon achievement of pre-established performance metrics. Column (3): Bonus means money or its equivalent given on a discretionary basis in addition to an employee's salary as a premium based on performance or other measure. Column (4): Other Compensation means any and all other remuneration paid to or on behalf of an officer of the company including but not limited to commissions, stock grants, and gains from the exercise of stock options, but does not include the value of health insurance or other employee benefits that are generally made available to all full-time company employees. Compensation and stipends paid to board members for services as a director should be reported in Column (2) of Part III.B.

Insurers must report amounts paid to corporate officers on a gross basis and not on an allocated basis.

A health insurer that is subject to reporting but whose corporate officer and board compensation is paid by an affiliate must report total compensation paid to its corporate officers and directors by the affiliate (unless the affiliate is also required to file this form and corporate officer and board compensation is reported in its entirety by the affiliate).

"Affiliate" of a [health insurer] means a company that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the [health insurer]. 8 V.S.A. § 3681 (1).

### III. A Corporate Officer Compensation

Title of Company Officers(1)	Salary (2)	Bonus (3)	Other Compensation (4)
Chief Executive Officer	1,125,185	1,900,000	11,436,260
EVP, Chief Financial Officer	637,037	630,000	2,396,065
President, HealthSpring	1,000,000	900,000	1,568,140
President, U.S. Commercial Markets and Global Health Care Operations	585,667	787,500	2,884,895
President, International Markets	554,977	546,116	1,969,441

### III.B Board Compensation

Board Members	Salary	Bonus	Other Compensation
Board Chair	320,000	-	180,892
Board Member	115,000	-	180,338
Board Member	86,250	-	135,226
Board Member	120,000	-	186,131
Board Member	115,000	-	181,170
Board Member	120,000	-	185,338
Board Member	115,000	-	180,617
Board Member	115,000	-	180,434
Board Member	115,000	-	180,621
Board Member	120,000	-	186,113
Board Member	120,000	-	180,990

### **Part IV – Total Vermont Marketing & Advertising expenses (includes sponsorships)**

Each health insurer shall report total Vermont marketing and advertising expenses in Part IV. Marketing and advertising expenses shall include:

- newspaper, magazine and trade journal advertising for the purpose of solicitation and conservation of business;
- sign and directory advertising;
- public or charitable event sponsorships;
- television, radio broadcasting and motion picture advertising, excluding subjects dealing wholly with health and welfare;
- all canvassing or other literature, such as pamphlets, circulars, leaflets, policy illustration

forms and other sales aids, printed material, etc., prepared for distribution to the public by agents or through the mail for purposes of solicitation and conservation of business;

- all advertising novelties and promotional items intended for distribution to the public;
- printing, paper stock, etc., in connection with advertising;
- prospect and mailing lists when used for advertising purposes; and
- fees and expenses of advertising agencies related to advertising.

Marketing and advertising expenses do not include:

- pamphlets on health, welfare and educational subjects;
- advertising required by law, regulation or ruling except to the extent that it substantially exceeds the space required for compliance;
- salaries and expenses of advertising department;
- help wanted advertisements; and
- advertising in connection with investments.

Part VI Total Vermont Marketing and Advertising Expenses: \$ 144,991

**Part V – Lobbying expenses**

Each health insurer shall report total federal and Vermont-specific lobbying expenses in Part V.

Federal lobbying expenses shall mean total expenditures that are not deductible under the IRC (26 U.S.C.) § 162 (e)(1)(A) and that are spent to influence legislation within the meaning of 26 U.S.C. § (e)(4). Vermont-specific lobbying expenses means expenditures required to be reported under Title 2 V.S.A. chapter 11.

Federal lobbying expenditures:       \$ 3,780,628.24

Vermont lobbying expenditures:       \$ 40,000.00

**Part VI – Political Contributions**

In Part VI, each health insurer shall report cash or cash equivalent (in-kind) political contributions made to Vermont state election campaigns or political parties. In Column (1) provide name of recipient. In column (2) indicate whether the contributions was made for a candidate was running for Vermont state office (s) or a political party (p). In column (3) provide the total amount for the year.

Part VI- Political Contributions

Recipient (1)	(2) Vermont candidate (c) or party (p)	(3) Amount of cash or cash equivalent (in-kind)
None	N/A	0

**Part VII – Dues to trade groups that engage in lobbying or make political contributions**

In Part VII, each health insurer shall report dues paid to any trade groups that engage in lobbying or that make political contributions to federal or Vermont-state public office candidates. Provide the name of the trade group in column (1) and the dues paid in column (2) that are for lobbying or political contributions. A trade group is defined as an association of organizations in the same industry that is formed to represent and further the interests of the member organizations primarily through lobbying or public relations activities. Only the portion of dues paid with respect to activities that are lobbying or political contributions are required to be reported. Dues paid for other services or activities of the trade group such as charitable events, advertising, education, licensing or support services are not required to be reported.

Trade organization	Dues
AMERICAS HEALTH INSURANCE PLANS	\$2,034,328.16
PCMA	\$ 20,625.00
AMERICAN BENEFITS COUNCIL	\$ 6,720.00
NATIONAL FOREIGN TRADE COUNCIL, INC.	\$ 6,250.00
US CHINA BUSINESS COUNCIL	\$ 2,000.00
US CHAMBER OF COMMERCE	\$ 8,000.00
US INDIA BUSINESS COUNCIL	\$ 8,000.00
US ASEAN BUSINESS COUNCIL	\$ 11.46
HEALTHCARE LEADERSHIP COUNCIL	\$ 225.00
NATIONAL ASSOCIATION OF DENTAL PLANS	\$ 21,331.61

**Part VIII – Legal expenses related to claims or services denials**

Each health insurer shall report legal expenses related to claims or service denials for Vermont members during the preceding year in Part VIII. Legal expenses means court costs, penalties and all fees or retainers for legal services or expenses in connection with matters before an administrative body or court involving claims or service denials. Legal fees and expenses do not include salaries and expenses of company personnel, or legal expenses associated with investigation, litigation and settlement of policy claims.

Total Legal Expenses \$ 0

**Part IX – Vermont Charitable Contribution**

Each health insurer shall report all contributions made to Vermont charitable organizations that are deductible under federal law. Note: public or charitable event sponsorships are reported in art IV and are not to be included in this Part IX.

Total Charitable Contributions \$ 25,977