

No. **2024-8683**

**Official Order  
of the  
Texas Commissioner of Insurance**

**Date: 6/6/2024**

**Subjects Considered:**

Cigna Health and Life Insurance Company  
100 Cottage Grove Road  
Bloomfield, CT 06002

Cigna Healthcare of Texas, Inc.  
1640 Dallas Pkwy  
Plano, TX 75093

Consent Order  
TDI Enforcement File Nos. 34294, 34503, and 34502

**General remarks and official action taken:**

This is a consent order with Cigna Health and Life Insurance Company and Cigna Healthcare of Texas, Inc., (collectively, Cigna) which have failed to comply with multiple independent dispute resolution requirements. Cigna has agreed to pay a \$600,000 administrative penalty and implement a corrective action plan.

**Waiver**

Cigna acknowledges that the Texas Insurance Code and other applicable laws provide certain rights. Cigna waives all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

**Findings of Fact**

1. Cigna Health and Life Insurance Company holds a certificate of authority to act as a life, accident, and health insurer.

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2. Cigna Healthcare of Texas, Inc. holds a certificate of authority to act as a health maintenance organization (HMO).
3. In 2019, the Texas legislature passed SB 1264, which prohibits balance billing (or surprise billing) for most out-of-network health insurance claims. SB 1264 also created a mediation and arbitration system for health insurers and HMOs to settle balance bills with healthcare providers.
4. TDI adopted rules and established an independent dispute resolution (IDR) portal to implement this legislation. Health insurance claims on or after January 1, 2020, were subject to SB 1264.
5. Health insurers and HMOs began to use TDI's IDR portal in 2020. The portal's volume of claims steadily grew and most carriers began handling hundreds or thousands of IDR matters on a monthly basis beginning in 2021-2022.
6. Cigna struggled to keep up with its IDR requests in late 2022 through 2023. The companies failed to meet multiple statutory and rule-based timelines for a significant portion of its IDR requests.
7. TDI noticed these compliance issues and reached out to Cigna many times in 2023. TDI offered training and detailed compliance issues throughout early to mid-2023. However, Cigna's compliance rates did not improve.
8. In late October 2023, TDI sent Cigna a notice detailing Cigna's failures to comply with Texas law regarding IDR. These included multiple complaints alleging Cigna's bad faith participation in the IDR process and Cigna's failure to:
  - a. participate in an informal settlement teleconference or enter required information into the IDR portal more than 3,000 times;
  - b. pay or timely pay a mediator or arbitrator more than 200 times; and
  - c. pay or timely enter payment information after settlement more than 2,800 times from January 2023 to mid-October 2023.<sup>1</sup>

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<sup>1</sup> Between January 2022 to mid-October 2023, Cigna failed to participate in informal settlement teleconference or enter required information into the IDR portal more than 14,000 times.

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9. TDI required Cigna to develop a corrective action plan, submit missing or late data, and implement the plan by January 1, 2024.
10. Cigna provided TDI with a plan but did not fully implement that plan by January 1, 2024.
11. As of April 1, 2024, Cigna had still not finalized data corrections or fully implemented a corrective action plan.
12. Cigna represents to TDI that it has properly assigned resources to its IDR program.
13. Cigna represents to TDI that it will achieve full compliance with IDR requirements, by August 15, 2024, including:
  - a. Addressing all outstanding data corrections;
  - b. Timely participating in all informal settlement teleconferences and entering required information into the IDR portal;
  - c. Making timely payments to all mediators or arbitrators; and
  - d. Entering timely payment information after settlement.
14. Cigna represents that it will continue to implement additional controls and fully monitor its IDR process for full compliance. Cigna will timely alert TDI of any systemic or trending issues.

### Conclusions of Law

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE chs. 82, 84, and 1467; 28 TEX. ADMIN. CODE ch. 21; and TEX. GOV'T CODE §§ 2001.051–2001.178.
2. The commissioner has authority to dispose of this matter informally as set forth in TEX. GOV'T CODE § 2001.056, TEX. INS. CODE §§ 36.104 and 82.055, and 28 TEX. ADMIN. CODE § 1.47.
3. Cigna has knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry of this order, including, but not limited to, issuance and service of notice of intention to institute disciplinary action, notice of

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hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.

4. Cigna violated TEX. INS. CODE §§ 1467.054(d) and 1467.084 by not participating in an informal settlement teleconference not later than the 30th day after the date on which a person submits a request for mediation or arbitration.
5. Cigna violated 28 TEX. ADMIN. CODE § 21.5021(c) by not notifying TDI of the outcome of the informal settlement teleconference within 30 days of the date that the mediation or arbitration is requested or that the parties agreed to a settlement or extended the deadline.
6. Cigna violated 28 TEX. ADMIN. CODE §§ 21.5011(d)(2) and 21.5021(d)(2) by failing to pay the nonrefundable mediator or arbitrator fee to the mediator or arbitrator when the mediator or arbitrator is assigned.
7. Cigna violated TEX. INS. CODE § 1467.101(a)(2) by not providing information the arbitrator or mediator believes is necessary to facilitate a decision or agreement.
8. Cigna violated TEX. INS. CODE § 1467.089(d) by failing to pay any additional amount necessary to satisfy a binding arbitration award by the 30th day after the arbitrator's decision.

## Order

It is ordered that Cigna Health and Life Insurance Company and Cigna Healthcare of Texas, Inc., jointly and severally, pay an administrative penalty of \$600,000 within 30 days from the date of this order. The administrative penalty must be paid as instructed in the invoice, which the department will send after entry of this order.

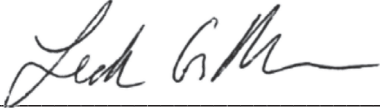
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Cassie Brown  
Commissioner of Insurance

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Recommended and reviewed by:

A handwritten signature in black ink, appearing to read "Leah Gillum", written over a horizontal line.

Leah Gillum, Deputy Commissioner  
Fraud and Enforcement Division

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**Affidavit**

STATE OF TX §  
§  
COUNTY OF Harris §

Before me, the undersigned authority, personally appeared Timothy L. Vessel, who being by me duly sworn, deposed as follows:

"My name is Timothy L. Vessel. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I hold the office of General Manager and am the authorized representative of Cigna Health and Life Insurance Company. I am duly authorized by said organization to execute this statement.

Cigna Health and Life Insurance Company has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."

Timothy L. Vessel  
Affiant

SWORN TO AND SUBSCRIBED before me on May 31, 2024.

(NOTARY SEAL)



Van T. Pham  
Signature of Notary Public

Van T. Pham  
Printed Name of Notary Public

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**Affidavit**

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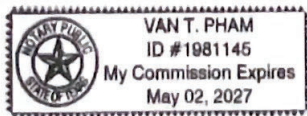
I hold the office of General Manager and am the authorized representative of Cigna Healthcare of Texas, Inc. I am duly authorized by said organization to execute this statement.

Cigna Healthcare of Texas, Inc. has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."

Timothy L. Vessel  
Affiant

SWORN TO AND SUBSCRIBED before me on May 31, 2024.

(NOTARY SEAL)



Van T. Pham  
Signature of Notary Public

Van T. Pham  
Printed Name of Notary Public