

IN THE MATTER OF THE FAILURE OF)
CIGNA HEALTHCARE OF NJ, INC., TO)
SUBMIT ITS ANNUAL ASSESSED PER)
LIFE FEE)

ADMINISTRATIVE ORDER

THIS MATTER having been opened by the Department of Health and Senior Services (Department) in accordance with the authority set forth at N.J.S.A. 26:1A-15, and N.J.S.A. 26:2J-1 et seq.;

WHEREAS, N.J.S.A. 26:2J-23c requires health maintenance organizations (“HMOs”) submit a payment of \$1.50 per life per year annually no later than July 15 for the preceding calendar year;

WHEREAS, the Department calculated the mean number of lives for each HMO using enrollment information reported by the HMO in its required quarterly and annual reports, without inclusion of Medicare or Medicaid lives, if any, and reduction of the mean total lives by any lives covered under the Federal Employee Health Benefits Plan reported on an HMO’s Annual Supplement;

WHEREAS, CIGNA HealthCare of NJ, Inc. (“CIGNA”) is an HMO;

WHEREAS, the Department calculated that CIGNA had an average of 88,513.25 lives for the 2003 calendar year, multiplied the number of lives by \$1.50 and assessed a fee of \$132,769.88 against CIGNA;

WHEREAS, the Department notified CIGNA of the assessment by a letter addressed to Charles R. Catalano, President of CIGNA, dated May 28, 2004;

WHEREAS, the May 28, 2004 letter to Charles R. Catalano setting forth the assessment was sent by regular mail and facsimile to the address and facsimile numbers on file with the Department;

WHEREAS, the May 28, 2004 letter included the instructions for submitting payment as well as instructions for obtaining more information should the letter's recipient have questions;

WHEREAS, CIGNA did not submit the required fee to the Department on or before July 15, 2004;

WHEREAS CIGNA communicated with the Department on July 30, 2004 and claimed that the required fee was submitted to the Department prior to July 15, but such payment was not received by or forwarded to the Department on or before July 15;

WHEREAS CIGNA stated that a stop payment order was placed on the check said to have been mailed in June, and subsequently submitted a new check which was received by the Office of Managed Care on August 13, 2004;

WHEREAS, CIGNA having submitted the required fee on August 13, 2004, failed to timely submit the required fee on or before July 15 as set forth in the May 28, 2004 letter;

NOW, THEREFORE, IT IS ORDERED on this 18th day of August that:

1. CIGNA shall pay a fine of Five Thousand Two Hundred and Fifty Dollars (\$5,250), determined by multiplying twenty-one business days by \$250, for failing to submit its annual assessed per life fee on or before July 15, 2004 in accordance with N.J.S.A. 26:2J-23c.

2. CIGNA shall submit payment of the fine to the Director of the Office of Managed Care by check or money order made payable to "Treasurer, State of New Jersey," in a single sum no later than the date this paragraph becomes effective, as specified in paragraph 5 of this Order;

3. Obligations under this Order are imposed pursuant to the police powers of the State of New Jersey for the enforcement of law and the protection of public health, safety and welfare and are not intended to constitute a debt or debts subject to limitation or discharge in a bankruptcy proceeding.

4. All numbered paragraphs of this Order, other than paragraphs 1 and 2 shall be effective as of the date of the Order, and no paragraphs of this Order shall be stayed pending the conclusion of an administrative hearing and the rendering of a final decision by the Commissioner of the Department, except as paragraph 6 applies.

5. Paragraphs 1 and 2 shall become effective 30 days following the date of this Order, in accordance with N.J.A.C. 8:38-2.14(c), unless CIGNA, prior to the end of the 30-day period, files with the Department a written request for a hearing and a written request to Stay the Order with respect to paragraphs until the conclusion of an administrative hearing and the rendering of a final decision by the Commissioner of the Department. A request for a hearing shall be accompanied by a written response to the violations set forth in this Order.

6. If CIGNA wishes to request an administrative hearing, then CIGNA shall submit such a request in writing no later than 30 days following the date of this Order to: Director, Office of Legal and Regulatory Affairs, P.O. Box 360, Trenton, New Jersey 08625-0360, or by fax at 609-292-5333.

Questions should be submitted to Marilyn Dahl, Deputy Commissioner, at 609-984-3939 or to Sylvia Allen-Ware, Director of the Office of Managed Care, at 609-633-0660.

MARILYN DAHL
Deputy Commissioner

/s/ Marilyn Dahl