

***THE AETNA & CIGNA
SETTLEMENTS:***

**WHAT DO THEY MEAN FOR MEDICAL
SOCIETIES AND THEIR MEMBERS?**

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The Aetna & CIGNA Settlements

- **Aetna Settlement**

Final as of November 6, 2003

(Damage payments delayed
pending resolution of appeals)

- **CIGNA Settlement**

Final as of April 22, 2004

Aetna & CIGNA Settlement

Original Signatory Medical Societies

Alaska State Medical Association

Connecticut State Medical Society

El Paso County Medical Society (Colorado)

Hawaii Medical Association

Louisiana State Medical Society

New Hampshire Medical Society

Medical Society of the State of New York

South Carolina Medical Association

Tennessee Medical Association

Washington State Medical Association

California Medical Association

Denton County Medical Society (Texas)

Florida Medical Association

Medical Association of Georgia

Nebraska Medical Association

Medical Society of New Jersey

North Carolina Medical Society

Northern Virginia Medical Societies

Texas Medical Association

Vermont Medical Society

The Problem

Improper and illegal reimbursement practices used by the managed care industry to delay or deny payment due to:

- Bundling
- Downcoding
- Recoding
- Failure to recognize modifiers
- Lack of disclosure
- Breach of prompt pay laws

Certification of Class A Key Victory

- September 26, 2002, Judge Moreno certified the “Provider Track” of the multidistrict litigation as a national class action and ordered discovery to commence on September 30, 2002.

Coverage

The settlements include a class of all physicians (over 950,000 physicians, physician groups and physician organizations) who have submitted claims to any of the defendants named in the Complaint (including Aetna, Anthem, CIGNA, Coventry, Health Net, Humana, PacifiCare, Prudential, UnitedHealthcare, and WellPoint).



Settlements Accomplished

Goals of Lawsuit

- The settlement agreements will require Aetna and CIGNA to change their business practices by adding transparency and fairness to the claims process.
- “Sea change” in how managed care companies do business with physicians.



Components of the Settlements

- Retrospective Relief
- Prospective Relief
- Enforcement

MultiDistrict and State Court Litigation

- Several state and county medical societies brought class action lawsuits in federal and state courts against the large for-profit managed care companies: Aetna, Anthem, CIGNA, Coventry, Health Net, Humana, PacifiCare, Prudential, UnitedHealthcare, and WellPoint.
- All federal cases were consolidated in U.S. District Court in Florida on October 23, 2000.
- Pending before Judge Frederico Moreno.

CIGNA Damages: Eligibility

- Any physician, physician group or physician organization that:
 - Submitted a claim with *any* of the defendants* named in the MDL lawsuit between August 4, 1990 and April 22, 2004
 - Who did not opt out of the settlement

* Defendants include: Aetna, Anthem, CIGNA, Coventry, HealthNet, Humana, PacifiCare, Prudential, United and WellPoint

CIGNA Damages: Timeline

- Initial Notice of Proposed Settlement: October 6, 2003
- Second (Official) Notice Sent to Class Members: July 8, 2004
- Period to Submit Claims: August 23, 2004 through February 18, 2005
- Deadline for Electronic Claims Submissions: Prior to February 8, 2005

CIGNA Damages: Types of Compensation

- Category A Settlement Fund
- Claim Distribution Fund
 - Category One Compensation
 - Category Two Compensation
 - Medical Necessity Denial Compensation
- \$15 million to Physicians' Foundation for Health Systems Innovations, Inc.

Claims Administration

- Physicians may seek damages from either the Category A Settlement Fund or the Claim Distribution Fund, but not both.
- Settlement Administrator: Poorman-Douglas Corporation
- If you submit claims to both funds: the Settlement Administrator will process only the first submission
- Electronic Submission

Facilitation List

- CIGNA Healthcare to use “best efforts” to create list for specific types of claims.
- Includes Certain Category Two Claims Denied due to Claim Coding and Bundling Edits
- Request through:
 - www.cignaphysiciansettlement.com
 - 1-877-683-9363 (toll free)

Retained Claims

- “Retained Claims” cannot be filed under this process
- Defined as Claims in the pipeline as of April 22, 2004 including claims that are:
 - Filed, but not Adjudicated by CIGNA
 - Not Filed, but Timely Filing Period has not Expired
 - Finally adjudicated by CIGNA between March 24 and April 21, 2004.
- May Utilize Billing Dispute External Review Process if Coding/Payment Rules Violated

Category A Settlement Fund

- Funded at \$30 million
- No supporting documentation required
- Amount will be distributed on a *pro rata* basis
- Retired physicians receive twice the base amount
- Physicians can receive money directly or may request that it be donated to the national Foundation Fund or to a Foundation established by a signatory medical society.

Category A Compensation Filing

- Category A Proof of Claim Form
- Signed Certification
- Obtain Forms:
 - ✓ www.cignaphysicianssettlement.com or
 - ✓ 1-877-683-9363
- Submit to Settlement Administrator

Should You Choose Category A?

- *Yes, if:*
 - You have never seen a CIGNA patient, or
 - You have no accounting or other records of your CIGNA claims
- All other Physicians should consider the Claim Distribution Fund where you may be entitled to a much larger monetary recovery

Claim Distribution Fund

Three compensation categories:

- ✓ Category One Compensation
- ✓ Category Two Compensation
- ✓ Medical Necessity Denial Compensation
- Physicians may seek damages under all three categories of the Claim Distribution Fund
- Necessary documentation varies by category and type of claim

Claim Distribution Fund

- Fund is Unlimited: No ceiling on the amount CIGNA must pay
- Minimum of \$40 million
- Documentation requirements may include:
 - ✓ Cover Sheets
 - ✓ HCFA 1500, CMS 1500
 - ✓ Explanation of Payments Forms
 - ✓ Medical Records
- Electronic Filing: see www.cignaeclaims.com

Category One Compensation

- Compensation available for denials or reductions in payments resulting from defined claim coding and bundling edits
- Compensation not available for denials due to benefit limitations, coordination of benefits, etc.
- Time Periods Variable: Commencing January 1, 1996
- List of edits, dates and rates available on web sites
- 1200 different code combinations with payments ranging from \$2.94 to \$656.51 Per Claim

Category One Compensation: Required Documentation

- Submit Proof of Claim Form with Signed Certification
- Separate Cover Sheet for each Episode of Care
- One of any of the Following for each Request for Payment:
 - ✓ HCFA 1500 Form or CMS Form Showing Category One codes originally billed to CIGNA *or*
 - ✓ CIGNA Remittance Form *or*
 - ✓ Internal Accounting Records *if* HCFA 1500 and Remittance Form are not available and *if* internal records show codes originally billed to CIGNA
- May be submitted via paper, CD, diskette or DVD or electronically

Category Two Compensation

- Available to physicians whose claims were denied or returned based on CIGNA's coding and bundling edits other than those specified on the Category One Code List
- Compensation generally available at the 2001 Medicare fee schedule rate
- Facilitation lists available:
 - www.CIGNAPhysicianSettlement.com
 - 1-877-683-9363 (toll free)

Category Two Compensation: Documents Required

- Category Two Proof of Claim Form with signed certification (only one form necessary)
- Separate Cover Sheet for each request for payment indicating the CPT Codes or HCPCS Level II Codes for which compensation is sought
- One of any of the following:
 - ✓ CIGNA HealthCare Remittance Form or
 - ✓ Internal accounting records supplemented if necessary by HCFA 1500 form to show codes were denied in whole or in part or reduced
- Relevant medical records (for most requests for Category Two Compensation)

Category Two Compensation: Exceptions to Medical Records Requirements

- Requests for payment based on claims that CIGNA failed to recognize modifiers 50, RT, LT, FA-F9 or TA-T9
- Requests for payment based on claims that HCPCS Level II “J” Code was translated into an incorrect or overbroad CPT Code
- Requests for payment based on the contention that CIGNA incorrectly processed one or more modifier 51 exempt CPT Codes and/or add-on CPT Codes using multiple procedure reduction



Medical Necessity Denial Compensation

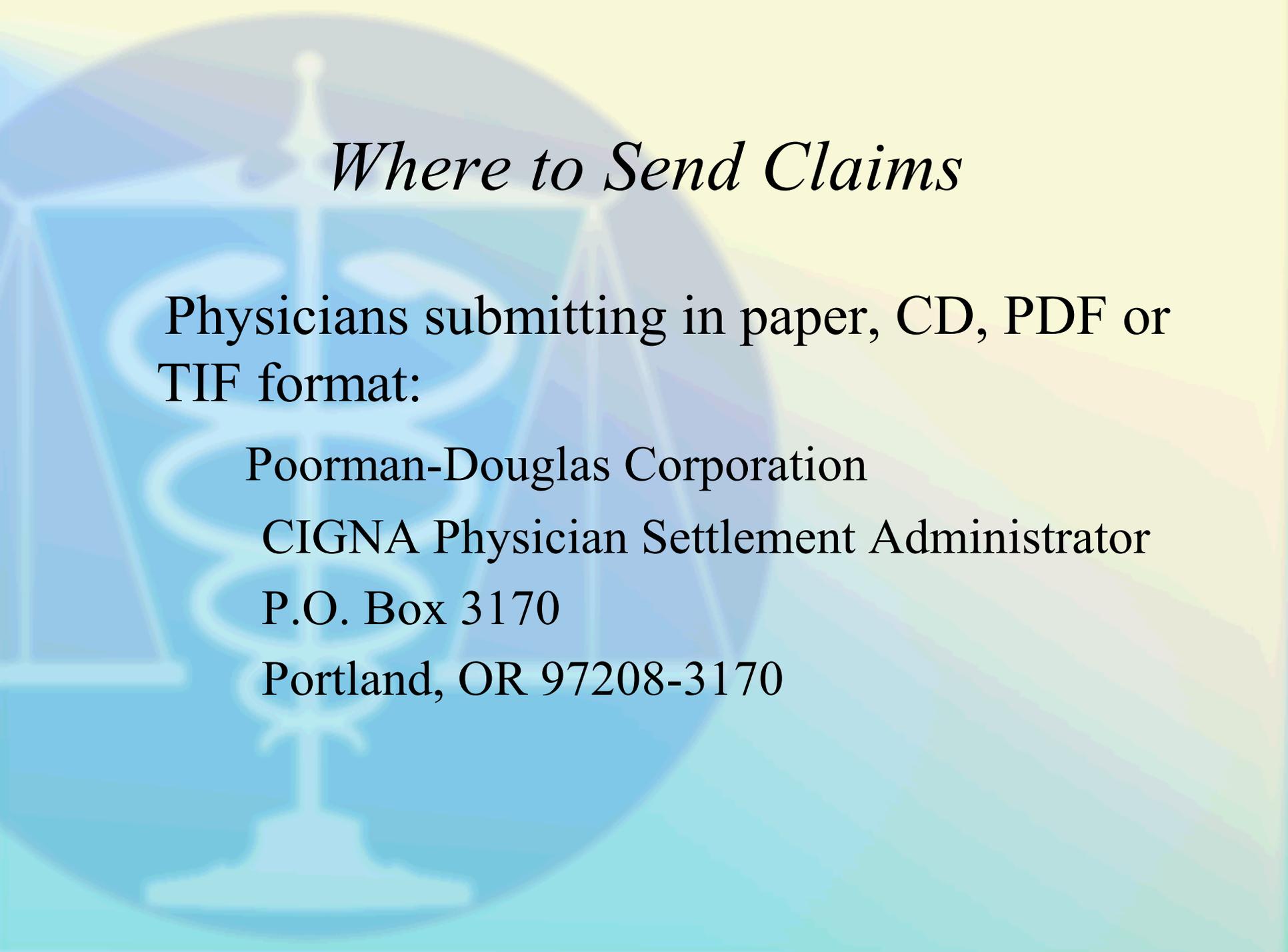
- Available for claims physicians believe were improperly denied as not medically necessary or as experimental or investigational
- Payment generally at the 2001 Medicare Fee Schedule rate

Medical Necessity Denial Compensation: Documents Required

- Proof of Claim Form with signed certification (only one form necessary even if submitting multiple requests for payment)
- Cover sheet for each Proof of Claim indicating the CPT or HCPCS Level II Codes for which compensation is sought
- One of any of the following:
 - CIGNA HealthCare Remittance Form showing that payment was denied for one or more codes or
 - Internal accounting records showing that the codes at issue were submitted to CIGNA for payment and remain unpaid if Remittance Form cannot be located and
 - Complete copy of medical records relating to services occurring within 90 days of the date of service at issue

Where to Obtain Forms and Other Information

- www.mcaginc.com
- www.CIGNAPhysicianSettlement.com
- www.hmosettlements.com
- www.hmocrisis.com
- www.milbergweiss.com
- www.archielamb.com
- www.kttlaw.com
- www.whatleydrake.com
- Claim Forms may also be obtained by calling the Settlement Administrator at 1-877-683-9363 (toll free)



Where to Send Claims

Physicians submitting in paper, CD, PDF or TIF format:

Poorman-Douglas Corporation

CIGNA Physician Settlement Administrator

P.O. Box 3170

Portland, OR 97208-3170

Where to Send Claims: Physicians with Electronic Records

- Class members maintaining electronic records containing the information that would otherwise be available in a HCFA 1500 or CMS 1500 form which can be generated in a print image file may submit to a web portal
- Supporting documentation scanned into a PDF or TIF file may be uploaded to the web portal
- Infinedi will forward claims to Poorman-Douglas
- Claims must be submitted before February 8, 2004
- Information available at www.cignaeclaims.com

Timeline for Payment

- Category A: March 4, 2005
- Category One:
 - ✓ 14 days after claims found valid by Settlement Administrator for requests for payment of less than \$100
 - ✓ CIGNA has 30 days to object to payment for claims in excess of \$100
 - ✓ Physicians may appeal adverse determination
 - ✓ Settlement Administrator decision final

Timeline for Payment

- Category Two / Denial of Medical Necessity Compensation
 - ✓ Settlement Administrator forwards request for payment to CIGNA within 14 days after determination that claim was timely filed and includes all necessary documentation.
 - ✓ CIGNA has 30 days to determine whether payment warranted and to make payment.
 - ✓ Denials automatically forwarded to independent external review entity
 - ✓ Decision final

Frequently Asked Questions

Q: May I seek payment under all compensation categories?

A: No. You may seek compensation from either the Category A Settlement Fund or the Claim Distribution Fund, but not both. However, you may submit claims for all categories (Category One, Category Two, and Medical Necessity Denial) within the Claim Distribution Fund.

Q: What if I inadvertently seek payment from both the Category A Settlement Fund and the Claim Distribution Fund?

A: The Settlement Administrator will process the first request. If both received the same day, the Settlement Administrator will contact you.

Q: May I submit multiple requests for payment from the Claim Distribution Fund?

A: Yes.

Q: I am no longer employed by the same practice as when I submitted claims to CIGNA. May I seek compensation from the Claim Distribution Fund for these claims?

A: The Class Member that submits a Proof of Claim Form for compensation from the Claim Distribution Fund must be the Physician, Physician Group, or Physician Organization that originally submitted the claim and must use the same tax identification number as was used on the original claim.

Other Questions

Q. Can a widow or widower submit claims on behalf of his or her deceased spouse?

A. Generally yes, the legal representative of the estate may submit claims on behalf of the deceased physician.

Q. If I file a Category A claim, do I automatically commit my group to Category A only with respect to the claims being submitted to CIGNA on my behalf?

A. Potentially. Thus, before submitting any claims, consult with the group which filed the original claim for that service to determine which election (Category A or Category One, Two and/or medical necessity claim) the group wishes to make. Remember, once you select Category A, you are precluded from selecting other categories.

Q. Is there a commercial service available to help me extract claims under Category one, Two and Medical Necessity?

A. Yes, for example, Managed Care Advisory Group (MCAG) has developed software to help physicians extract and submit claims. MCAG has entered into member benefit agreements with the AMA and many of the signatory medical societies. As a result, MCAG has provided discounts for members of the AMA and/or many state medical societies.

Additional Information

- www.mcaginc.com
- www.cignaphysicianssettlement.com
- www.hmosettlements.com
- www.hmocrisis.com
- www.milbergweiss.com
- www.archielamb.com
- www.kttlaw.com
- www.ama-assn.org
- www.texmed.org



Managed Care Advisory Group

- An association of three experienced companies
- Managed hundreds of millions in claims recoveries
- Contracts with CA, TX, NY, GA, TN, CT

MCAG Process

- Members of AMA/State Associations connect with secure servers at www.mcaginc.com
- Registration to determine claims status
- Upload claims data for analysis and automated submission
- Substantial discount of service fees for AMA/State Association members

Advantages to Using MCAG

- Takes hours, not weeks of staff/administrator time
- Quick, secure and comprehensive
- Easy to use
- Telephone support
- Data submission online and via tapes, CD-ROMs, DVDs, paper

MCAG Fees

Fees State/ AMA	Non-Members	Members of State/ County OR AMA	Members of County AND
	Cat A Filing Fee	\$18.00	\$12.00
Other Claims Filing Fee	\$50.00	\$50.00	\$0.00
% Recovery Fees	35%	29%	25%

*Foundations Established
Under the Settlements*

Physicians' Foundation for Health Systems
Excellence, Inc.

(Aetna Settlement)

Physicians' Foundation for Health Systems
Innovations, Inc.

(CIGNA Settlement)



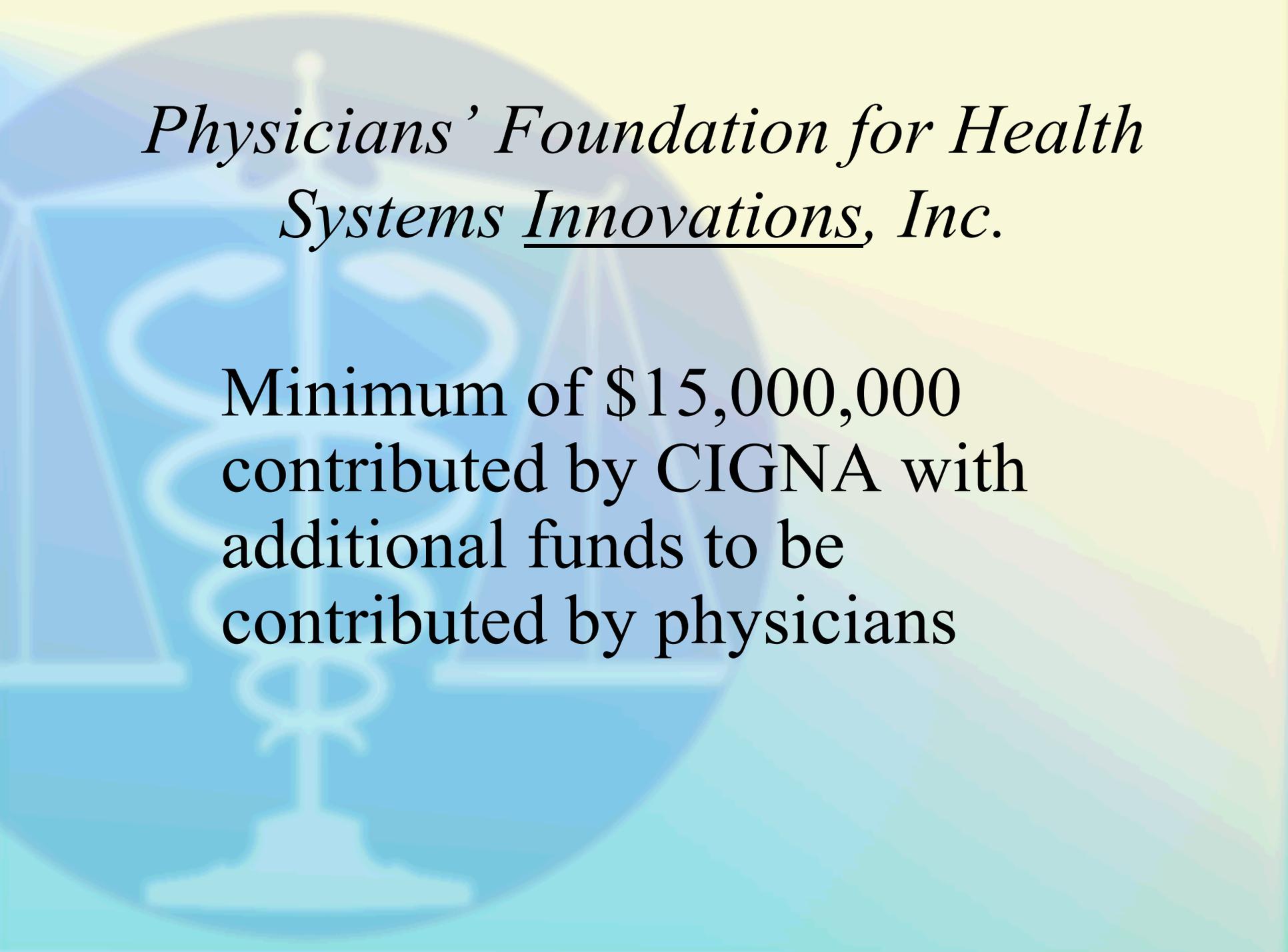
Physicians' Foundations

Mission and Objectives

- Promote High Quality Healthcare
- Provide Tools for Physicians in the Practice Setting

*Physicians' Foundation for Health
Systems Excellence, Inc.*

Total of approximately
\$100,000,000 comprised of
initial \$20,000,000 from Aetna
and \$80,000,000 contributed by
physicians



*Physicians' Foundation for Health
Systems Innovations, Inc.*

Minimum of \$15,000,000
contributed by CIGNA with
additional funds to be
contributed by physicians

Physicians' Foundations

Grants Priorities

- Practice Management
- Physician Education
- Patient Safety/Disease Management

Physicians' Foundations

Practice Management

- Practice Operations
- Practice Benchmarks
- Electronic Medical Records
- E-Technology

Physicians' Foundations

Physician Education

- Practice-based learning technologies.
- Training and support services to streamline offices.
- Best practices support systems.

Physicians' Foundations

Patient Safety/Disease Management

- Patient safety and medical error reduction practice strategies.
- Chronic disease/lifestyle change strategies to improve practice capabilities.
- End-of-life care strategies for practice integration.

Physicians' Foundations

Grants Philosophy

- The RFP Process.
- “Panels of Experts”: Nationally-Recognized Advisors Will Participate in Grants Processes.

Additional Information

- www.mcaginc.com
- www.cignaphysicianssettlement.com
- www.hmosettlements.com
- www.hmocrisis.com
- www.milbergweiss.com
- www.archielamb.com
- www.kttlaw.com
- www.ama-assn.org
- www.texmed.org