

Cigna settlement gets court OK

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by Catherine Wilson
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MIAMI — A federal judge gave preliminary approval last week to an agreement requiring Cigna Corp. to spend \$540 million to settle claims that the insurance company chronically skimmed on payments to the nation's 700,000 doctors.

Cigna joins Aetna in settling racketeering lawsuits against managed care industry leaders. Both companies have agreed to pay refunds to doctors and change procedures for reviewing and processing doctors' claims for services.

Cigna agreed to spend \$400 million on internal changes, at least \$70 million to doctors on claims up to 12 years old, \$55 million on attorneys' fees and \$15 million to create a health care foundation.

"I think America is going to be better off, and I'm not overstating it," doctors' attorney Aaron Podhurst told U.S. District Judge Federico Moreno. He called the one-hour hearing "a lovefest" and set Dec. 18 for a decision on final approval.

Cigna attorney John Harkins said, "This settlement is very good for physicians and because of that is good for patients."

Doctors expect to see \$300 million in savings, mostly on overhead for handling claims and appeals.

Under the settlement, doctors can choose one of two ways to seek money, which works out to an average of \$100 per physician. They can request reimbursement from a \$40 million fund based on actual claims, or \$30 million will be split among doctors who pick an alternative not tied to claims. The second option would be attractive to retired physicians who no longer maintain their records.

Dr. W. Allen Schaffer, chief medical officer of CIGNA HealthCare, said that the agreement was "a very positive outcome for all concerned".

"It's a huge step in the right direction," said Tim Norbeck, executive director of the Connecticut State Medical Society, which supports the agreement. "All we wanted to do was make the managed care system a friendly and less egregious system for physicians and patients."

Other Insurers

Cigna's settlement, coming on top of Aetna's \$470 million agreement in May, may pressure eight other insurers sued by the doctors to settle. They are Anthem, Coventry, Foundation, Humana, PacifiCare, Prudential, United and Wellpoint.

But the companies hope an appeals court hearing their challenge this week will wipe out a class-action order letting the doctors sue as a group.

"We feel very strongly about the legal merits, and the settlement should have no effect on us," said Kent Jarrell, spokesman for the remaining defendants.

Dr. Donald Palmisano, president of the American Medical Association, expressed hope that other companies will follow.

Edith Kallas, attorney for 14 of 20 medical societies that joined the lawsuits, said she thought Cigna's move would "serve as a major wake-up call to the other insurers."

The doctors' primary complaint was that Cigna computers systemically "downcoded" their claims by treating each service or procedure as less intensive and paying less. Cigna agreed there will be no such automatic processing.

Questions of medical necessity for services will be decided by doctors, a hot-button issue for doctors and patients. Cigna and the doctors also agreed to jointly decide how to handle experimental and investigational treatments.

Cigna is the nation's third-largest health care insurer with 12 million members. □