

January 17, 2014

State Employee Group Benefits  
Advisory Committee (SEGBAC)  
Department of Administration  
125 North Roberts St.  
PO Box 200101  
Helena, MT 59620-0101

To the members of the State Employee Group Benefits Advisory Council,

For the past year, 33,000 Montana state government employees and their family members have had their health insurance benefits administered by a single company. Cigna Corp. was awarded the state contract in April of 2012 and took over the administration of benefits in January 2013.

Since the takeover, we have heard firsthand about claim denials, poor customer service and general difficulties from the state employees and their families we represent when they attempt to access their benefits. These problems appear to go beyond the typical wrinkles one would expect early on in the transition phase from one insurer to the next.

The range of complaints is broad, including problems with precertification, the requirement to obtain preauthorization on a vast set of medical procedures, inconsistent reasons given for claim denials, extreme difficulty getting Cigna to accept and process required paperwork, unresponsive customer service, denials for basic doctors' visits, and denial of therapies and procedures that should be covered according to benefit descriptions within the plan booklet. These problems have resulted in lost productivity for state employees who must spend time during the work day dealing with Cigna's customer service, calling providers, and researching plan benefits themselves. Many likely give up and either start paying out of their own pockets or forego medical care.

The complaints don't stop with the employees and family members entitled to benefits. Providers in the Helena area have also had negative experiences in the reimbursement process. After unsuccessfully seeking reimbursement from Cigna on care provided, they turn around and seek payment from those covered by the plan.

Furthermore, the contract seems to allow Cigna to charge many fees in addition to the base administrative costs. When fees, such as 30% of savings, are charged for network savings, these fees shift additional cost onto the backs of hardworking state employees in the form of higher out of pocket costs.

These concerns and others merit a thorough investigation by the state. State employees and their families are not getting the benefits they earn every work day. Moreover, every taxpayer in Montana wants his or her dollars to pay for effective, efficient service. The state should take remedial action immediately.

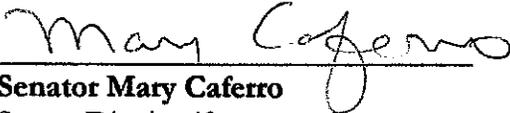
We request that the state conduct a year-end employee survey to find out how widespread these problems are. The survey should focus on those employees who have attempted to use their benefits. It could ask whether they are satisfied in general with Cigna's benefit administration, if they have had claims denied, if they have attempted to contact Cigna about a denied claim, how they were treated by customer service, and more.

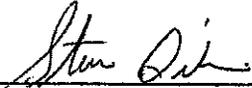
Following the survey, the state should analyze the results to see if further action is warranted, including the possibility of canceling Cigna's 3-year contract. Such a move is allowed in the contract for any reason (or no reason) as long as the state gives six months' notice. At that time, the state could then put the third-party administrator contract back out for bid.

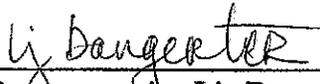
Benefits from employment should never turn into a burden for employees. We have a very talented, dedicated workforce in Montana state government, and we hope to keep them healthy, happy, and satisfied with their work.

Thank you for your consideration of our concerns. We look forward to working with you on this matter.

Sincerely,

  
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**Senator Mary Caferto**  
Senate District 40

  
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**Representative Steve Gibson**  
House District 78

  
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**Representative Liz Bangerter**  
House District 80