

After months of negotiations, CIGNA HealthCare and University of North Carolina/REX hospitals and their affiliated physicians have been unable to come to an agreement that will not force our clients to pass on the increased costs to their employees.

UNC/REX Hospital affiliated physicians are requesting rates that would result in their being paid nearly twice the rate that Medicare has established as fair reimbursement in North Carolina. This is difficult to imagine in a state with one of the highest levels of unemployment. The fair rates offered by CIGNA would provide market competitive reimbursement for hospital and physician services.

CIGNA had hoped to achieve a mutually agreeable contract with UNC/REX that took into consideration the needs of local businesses and employers. We know that our customers value affordable health care coverage from their employees. However, we are unable to accept the demands made by UNC/REX Hospital and their affiliated physicians as a means to offset lower reimbursement rates received by them from government sources.

The majority of CIGNA's clients in the North Carolina area are self-funded, meaning that the business or employer pays doctor and hospital claims, not CIGNA. The impact of UNC/REX's demand hits area businesses of all sizes, both public and private, in a time when companies are already constrained by the economic environment and struggling to stay open, keep jobs and offer health benefits.

As a result of this demand, UNC/REX hospitals and affiliated physicians will no longer be considered "in-network" effective January 1, 2010.

We have in place a provision that will allow individuals who are in the process of receiving care, to either transition to another hospital or doctor or continue receiving care at these UNC/REX hospitals. For medical emergencies, services will be honored. Customers with questions should contact the customer service number on the back of their identification card.