

## COMMONWEALTH OF VIRGINIA



SCOTT A. WHITE  
 COMMISSIONER OF INSURANCE  
 STATE CORPORATION COMMISSION  
 BUREAU OF INSURANCE

P.O. BOX 1157  
 RICHMOND, VIRGINIA 23218  
 1300 E. MAIN STREET  
 RICHMOND, VIRGINIA 23219  
 TELEPHONE: (804) 371-9741  
 scc.virginia.gov

November 8, 2024

*State Corporation Commission  
 Document Control Center  
 3/5/2025 - 11:01 AM*

SENT VIA EMAIL – kimberly.stevens@elevancehealth.com

Kimberly J. Stevens  
 Compliance Director  
 Anthem Blue Cross and Blue Shield  
 P. O. Box 27401  
 Richmond, VA 23279

**Re: Apparent Violation of §38.2-3442 of the Code of Virginia  
 Case No.: INS-2025-00008**

Dear Ms. Stevens:

Based on a consumer complaint, the Bureau ("Bureau") has performed an investigation of Anthem Health Plans of Virginia, Inc. and HealthKeepers, Inc. (collectively referred to as "Anthem") related to its coverage of contraceptive services without cost-sharing in the fully-insured market.

The Bureau's investigation revealed that Anthem is in apparent violation of § [38.2-3442](#) of the Code. Specifically, Anthem erroneously charged a copay to members for a brand name contraceptive with no generic alternative, when the prescribing doctor determined that the contraceptive was medically necessary for the patient. Anthem states that this error was due to an incorrect system configuration, and that 446 members were affected between 2021 and 2024.

Section 38.2-3442 of the Code requires that health carriers shall provide coverage for preventive services, as defined in § [38.2-3438](#) of the Code, and not impose any cost-sharing requirements such as copayment, coinsurance or deductible. Contraceptive services are included in the category of preventive services, as defined in 38.2-3438 of the Code.

Violations of Title 38.2 of the Code of Virginia or any regulation issued pursuant thereto may be subject to penalties and restitution as set forth in §§ 38.2-218 and 38.2-1040 of the Code of Virginia. We require that you provide the Bureau of Insurance, within **twenty (20) calendar days** of the date of this letter, any and all reasons why disciplinary action should not be initiated against the company for the apparent violation noted above.

Please note that this letter will become part of the public case file at such time as a Commission Order in this matter is entered.

Kim Stevens  
November 8, 2024  
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Responses as well as any questions regarding this matter should be directed to the undersigned.

Sincerely,

*Jackie Myers*

Jackie Myers, AIE, FLMI, ACS, MHP  
Chief Insurance Market Examiner  
(804)371-9630

## COMMONWEALTH OF VIRGINIA



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scc.virginia.gov

January 24, 2025

SENT VIA ELECTRONIC MAIL – kimberly.stevens@elevancehealth.com

Kimberly J. Stevens  
Compliance Director  
Anthem Blue Cross and Blue Shield  
P. O. Box 27401  
Richmond, VA 23279

**Re: Apparent Violation of §38.2-3442 of the Code of Virginia  
Case No.: INS-2025-00008**

Dear Ms. Stevens:

The Bureau ("Bureau") conducted an investigation of Anthem Health Plans of Virginia, Inc. and HealthKeepers, Inc. (collectively referred to as "Anthem") related to its coverage of contraceptive services without cost-sharing in the fully insured market.

Based on our investigation, the Bureau finds that Anthem is in apparent violation of §38.2-3442 of the Code of Virginia ("Code"). Section 38.2-3442 of the Code requires that health carriers shall provide coverage for preventive services, as defined in § [38.2-3438](#) of the Code, and not impose any cost-sharing requirements such as copayment, coinsurance or deductible. Contraceptive services are included in the category of preventive services, as defined in 38.2-3438 of the Code.

Anthem erroneously charged a cost share to 446 members for a brand name contraceptive with no generic alternative, when the prescribing doctor determined that the contraceptive was medically necessary for the patient. The error was due to an incorrect system configuration in which 1,287 claims were affected between 2021 and 2024.

Anthem indicates that it worked very closely with its Pharmacy Benefits Manager, CarelonRx, to identify the system configuration issue. Programming logic was not in place when a medical exception request (prior authorization) was approved for a brand name contraceptive drug versus a generic contraceptive drug which resulted in members unintentionally being charged a cost share. CarelonRx remediated the issue and reimbursed affected members for the incorrectly assessed cost shares. Member reimbursement was completed for the full cost share reflected in the pharmacy claims system, regardless of if a coupon was used at the point of sale. The total refunded to members, including interest, was \$216,964.98.

Kimberly J. Stevens  
January 24, 2025  
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The provisions of §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code may result in monetary penalties up to \$5,000 per violation, a cease and desist order, and/or a suspension or revocation of Cigna's license to engage in the business of insurance in Virginia.

In view of the above violations, and in recognition of Anthem's willingness to take prompt corrective action, the Bureau is willing to recommend a favorable settlement of this matter to the State Corporation Commission ("Commission"). This settlement offer is subject to the following conditions:

1. Anthem submits a certified or cashier's check or money order made payable to the Treasurer of Virginia in the amount of \$20,000;
2. Anthem understands it is entitled to a hearing in this matter and waives that right by offering this settlement.

For your convenience, we have enclosed a prepared settlement offer for your signature.

Should you decide to accept our recommendation for settlement, please have an authorized representative of the company sign, date and return the enclosed letter written on the company's letterhead, along with a check in the amount of \$20,000 made payable to the Treasurer of Virginia. These items should be sent via overnight delivery to Julie Blauvelt, Deputy Commissioner, at 1300 East Main Street, Richmond, Virginia 23219. Please send an electronic copy of these items to [melissa.hayes@scc.virginia.gov](mailto:melissa.hayes@scc.virginia.gov). The Bureau cannot accept electronic payments of settlement offers.

If the Bureau does not receive your settlement offer **within 20 days** from the date of the letter, the Bureau will recommend to the Commission that a proceeding be initiated against Anthem to show cause why its license authority in the Commonwealth of Virginia should not be suspended or revoked; why a cease and desist order should not be entered against Anthem; and why Anthem should not be penalized by the imposition of a fine.

Please note that this letter will become part of the public case file at such time as a Commission Order in this matter is entered.

Any questions or concerns regarding the proposed settlement should be communicated to Jackie Myers at [jackie.myers@scc.virginia.gov](mailto:jackie.myers@scc.virginia.gov) or at 804-371-9630.

Very Truly Yours,



Julie Blauvelt  
Deputy Commissioner

Enclosure

2015 Staples Mill Road  
Richmond, VA 23230

Julie Blauvelt  
Deputy Commissioner  
Bureau of Insurance  
1300 East Main Street  
Richmond, VA 23219

RE: Alleged violation of Code of Virginia § 38.2-3442  
Case No. INS-2025-00008

Dear Ms. Blauvelt:

This will acknowledge receipt of the Bureau of Insurance's letter dated January 24, 2025, concerning the above-referenced matter.

Anthem wishes to make a settlement offer for the alleged violations cited above. Further, we agree to:

1. Enclose with this letter a certified check, cashier's check or money order payable to the Treasurer of Virginia in the amount of \$20,000.
2. Confirm that restitution and interest was made to 446 consumers for \$216,964.98 in accordance with Anthem's email dated December 23, 2024.
3. Acknowledge Anthem's right to a hearing before the State Corporation Commission in this matter and waive that right if the State Corporation Commission accepts this offer of settlement.

This offer is being made solely for the purpose of a settlement and does not constitute, nor should it be construed as, an admission of any violation of law.

Sincerely,  
Anthem Health Plans of Virginia, Inc.  
HealthKeepers, Inc.

*Monica L. Schmude*

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(Signed)

Monica Schmude

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(Type or Print Name)

Director, Chairperson and President

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(Title)