



Commonwealth of Kentucky Public Protection Cabinet

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Lawsuit filed in Kentucky Health Cooperative Liquidation *Contends company negligent in processing, paying claims*

Frankfort, Ky. (May 13, 2016) -- Kentucky's Insurance Commissioner filed a lawsuit today against the company originally hired to process and pay claims for the now-defunct Kentucky Health Cooperative (Co-op). The suit contends that CGI Technologies and Solutions, Inc. was grossly negligent in processing and paying claims and that it breached the contract it had with the Co-op.

The Co-op was created in 2012 under provisions of the Affordable Care Act to provide health insurance coverage to Kentuckians. After suffering severe financial losses, the Co-op was placed in rehabilitation in 2015 and, after further investigation, was placed into liquidation early this year when it was determined that the Co-op would never recover from its deep deficit.

Insurance Commissioner Brian Maynard filed the lawsuit in his capacity as the co-op's court-appointed liquidator. "We have a duty to investigate the causes of the Co-op's collapse and to hold responsible those individuals who caused the collapse," Maynard said. "This includes recovering funds from responsible parties so that the doctors, nurses, and hospitals that treated Kentuckians insured by the Co-op are fairly compensated for their services. Today's action is a step toward this goal."

The Kentucky Co-op is one of a dozen Obamacare co-ops that failed after only two years. Eight of the 11 co-ops that remain open in other states are also reported to be in serious financial situations.

The complaint is attached.

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