

REPORT ON
TARGET MARKET CONDUCT EXAMINATION
OF
AETNA LIFE INSURANCE COMPANY
AS OF DECEMBER 31, 2020

Conducted from November 10, 2021

Through

August 25, 2022

By

Market Conduct Section

**Life and Health Market Regulation
Division**

BUREAU OF INSURANCE

STATE CORPORATION COMMISSION

COMMONWEALTH OF VIRGINIA

FEIN: 06-6033492
NAIC: 60054

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

STATE CORPORATION COMMISSION BUREAU OF INSURANCE

I, Jarod Mentzer, Senior Insurance Market Examiner of the Bureau of Insurance (Bureau), do hereby certify that the attached copy of the Target Market Conduct Examination Report of Aetna Life Insurance Company as of December 31, 2020, conducted at the State Corporation Commission in Richmond, VA is a true copy of the original Report on file with the Bureau and also includes a true copy of the Company's response to the findings set forth therein, and of the Bureau's review letters and the State Corporation Commission's Order in Case No. INS-2023-00048 finalizing the Report.

IN WITNESS WHEREOF, I have
hereunto set my hand and affixed
the official seal of the Bureau at
the City of Richmond, Virginia,
this 21st day of July, 2023.

Jarod Mentzer

Jarod Mentzer
Senior Insurance Market Examiner
Examiner in Charge

REPORT ON
TARGET MARKET CONDUCT EXAMINATION
OF
AETNA LIFE INSURANCE COMPANY
AS OF DECEMBER 31, 2020

Conducted from November 10, 2021

Through

August 25, 2022

By

Market Conduct Section

**Life and Health Market Regulation
Division**

BUREAU OF INSURANCE

STATE CORPORATION COMMISSION

COMMONWEALTH OF VIRGINIA

FEIN: 06-6033492
NAIC: 60054

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
I. PURPOSE & SCOPE OF EXAMINATION	1
II. EXECUTIVE SUMMARY	2
III. COMPANY PROFILE	2
IV. STATISTICAL SUMMARY	3
V. PROVIDER CONTRACTS REVIEW	4
VI. PROVIDER CLAIMS REVIEW	6
VII. CORRECTIVE ACTION PLAN	7
VIII. ACKNOWLEDGMENT	9
IX. AREA VIOLATIONS SUMMARY BY REVIEW SHEET	10

COPY

I. PURPOSE & SCOPE OF EXAMINATION

The Target Market Conduct Examination of Aetna Life Insurance Company (“Aetna” or “the Company”) was conducted under the authority of [§ 38.2-1317.1 of the Code of Virginia](#) (“the Code”).

The examination included a detailed review of Aetna’s provider contracts and claims submitted by contracted providers for health care services furnished to individuals covered under Aetna’s fully-insured individual and group health benefit plans during the period beginning July 1, 2020, through December 31, 2020.

The purpose of this examination was to determine compliance with Virginia insurance statutes and regulations and to determine that the Company’s operations were consistent with public interest. The examiners followed internal procedures that are based on the NAIC Market Regulation Handbook to perform this examination.

The examiners may not have discovered every unacceptable or non-compliant activity in which the Company is engaged. Failure to identify, comment on, or criticize specific Company practices in Virginia or in other jurisdictions does not constitute acceptance of such practices.

All instances of non-compliance identified during this examination are noted in this Report. Examples referred to in this Report are keyed to the numbers of the examiners' Review Sheets furnished to Aetna during the examination. Aetna was given the opportunity to respond to each finding in this Report.

The Report includes Corrective Action Items for the Company to address each finding. The Company is required to take corrective action when restitution is owed to Virginia consumers or providers, a general business practice is established, or a systemic issue was identified where additional controls must be put in place to ensure compliance going forward.

II. EXECUTIVE SUMMARY

This Report contains 216 violations. Some issues of significant concern identified during the review include:

Provider Contracts:

- 207 violations were noted for the failure to include or comply with required provisions

Provider Claims:

- 9 violations were noted for failure to pay claims in accordance with the provider contract's fee schedule

III. COMPANY PROFILE

Aetna Life Insurance Company is a wholly-owned subsidiary of Aetna Inc., whose ultimate parent is CVS Health Corporation. Aetna is authorized to do business in all 50 states, the District of Columbia, and other US territories. The Company was originally incorporated in May 1853 and was authorized to transact the business of accident and sickness insurance in Virginia in 1996.

The table below shows the Company's premium volume and approximate market share in Virginia during 2020 for the lines of insurance included in this examination. *

YEAR	LINE OF INSURANCE	PREMIUM VOLUME	MARKET SHARE
2020	Individual Accident & Health	\$1,505,740	0.033%
	Group Accident & Health	\$346,438,575	3.901%

* Source: The 2020 Annual Statements on file with the National Association of Insurance Commissioners.

IV. STATISTICAL SUMMARY

The files selected for the review were chosen by random and stratified sampling of the populations provided by the Company. The relationship between population and sample is shown in the table below.

The details of the errors are explained in this Report. General business practices may or may not be reflected by the number of errors shown in the summary.

Area	Population	Sample	Files with Errors	Error Ratio
Provider Contracts	341,883	30	22	73.34%
Provider Claims <small>*Submitted under sample provider contracts</small>	361,705	244	9	3.7%

V. PROVIDER CONTRACTS REVIEW

The examiners reviewed each sample provider contract to determine compliance with various requirements, including but not limited to the following:

- § 38.2-510 A 15 of the Code
- § 38.2-3407.15 of the Code
- § 38.2-3407.15:1 of the Code
- § 38.2-3407.15:2 of the Code
- § 38.2-3407.15:3 of the Code
- § 38.2-3407.15:4 of the Code

ETHICS & FAIRNESS IN CARRIER BUSINESS PRACTICES

Issue: The Company failed to provide or include required provider contract provisions.

Finding: The review revealed 63 violations of the subdivisions of [§ 38.2-3407.15 B of the Code](#). This was determined to be a general business practice under [§ 38.2-510 A 15 of the Code](#).

Discussion: The provision, number of violations, and Review Sheet examples are referred to in the following table:

Code Section	Number of Violations	Review Sheet Example
§ 38.2-3407.15 B 1	4	PC01-MG
§ 38.2-3407.15 B 2	4	PC01-MG
§ 38.2-3407.15 B 3	4	PC01-MG
§ 38.2-3407.15 B 4	4	PC01-MG
§ 38.2-3407.15 B 5	9	PC05-MG
§ 38.2-3407.15 B 6	15	PC04-AS
§ 38.2-3407.15 B 7	4	PC01-MG
§ 38.2-3407.15 B 8	4	PC01-MG
§ 38.2-3407.15 B 9	3	PC05-JM
§ 38.2-3407.15 B 10	4	PC01-MG
§ 38.2-3407.15 B 11	4	PC01-MG
§ 38.2-3407.15 B 12	4	PC01-MG

Corrective Action:

- Aetna will amend its provider contracts to include the provisions required by [§ 38.2-3407.15 B of the Code](#).
- Aetna will take steps to ensure copies of provider contracts are retained.

Issue: The Company failed to update its provider contract amendment to include new provisions enacted in 2019.

Findings: The review revealed 15 violations of [§ 38.2-3407.15 B 6 of the Code](#).

Discussion: While already included in the chart above as part of Review Sheet PC04-AS, the examiners are providing this specific example for clarification. In several instances, the Company provided amended provider contracts with all required provisions except for § 38.2-3407.15 B 6 of the Code.

Corrective Action: Aetna will take steps to ensure any new provisions or changes to existing provisions required by [§ 38.2-3407.15 B of the Code](#) are properly amended and included in its provider contracts going forward.

REQUIRED PROVISIONS IN CARRIER CONTRACTS REGARDING PRIOR AUTHORIZATION

Issue: The Company failed to include required provider contract provisions.

Finding: The review revealed 144 violations of the subdivisions of [§ 38.2-3407.15:2 B of the Code](#).

Discussion: The provision, number of violations, and Review Sheet examples are referred to in the following table:

Code Section	Number of Violations	Review Sheet Example
§ 38.2-3407.15:2 B 1	12	PC06-JM
§ 38.2-3407.15:2 B 2	12	PC06-JM
§ 38.2-3407.15:2 B 3	12	PC06-JM
§ 38.2-3407.15:2 B 4	12	PC06-JM
§ 38.2-3407.15:2 B 5	12	PC06-JM
§ 38.2-3407.15:2 B 6	12	PC06-JM
§ 38.2-3407.15:2 B 7	12	PC06-JM
§ 38.2-3407.15:2 B 8	12	PC06-JM
§ 38.2-3407.15:2 B 9	12	PC06-JM
§ 38.2-3407.15:2 B 10	12	PC06-JM
§ 38.2-3407.15:2 B 11	12	PC06-JM
§ 38.2-3407.15:2 B 12	12	PC06-JM

Corrective Action: Aetna will amend its provider contracts to include the provisions required by [§ 38.2-3407.15:2 B of the Code](#) and take steps to ensure any required updates are included going forward.

VI. PROVIDER CLAIMS REVIEW

The examiners reviewed each sample provider claim processed under the sample contract to determine compliance with various requirements, including but not limited to the following:

- § 38.2-510 A 15 of the Code
- § 38.2-3407.15 of the Code
- § 38.2-3407.15:1 of the Code
- § 38.2-3407.15:2 of the Code
- § 38.2-3407.15:3 of the Code
- § 38.2-3407.15:4 of the Code

FINDINGS: ETHICS & FAIRNESS IN CARRIER BUSINESS PRACTICES

Issue: The Company failed to pay claims in accordance with the fee schedule.

Finding: The review revealed 9 violations of [§ 38.2-3407.15 B 9 of the Code](#).

Discussion: Aetna's claims were reimbursed based on a different reimbursement methodology than what was incorporated into the contract. An example is discussed in Review Sheet PCCL14-MG.

Corrective Action:

- Aetna will take steps to ensure claims are paid in accordance with the fee schedule incorporated into the contract, as required by [§ 38.2-3407.15 B 9](#) of the Code.
- Aetna will adjust the claims discussed in Review Sheets PCCL01-MG, PCCL02-MG, PCCL03-MG, PCCL04-MG, PCCL05-MG, PCCL11-MG, and PCCL14-MG and pay them at the contract rate for all services rendered along with statutory interest owed on the underpaid portion. Include with each check, an explanation stating that "As a result of a Target Market Conduct Examination by the Virginia State Corporation Commission's Bureau of Insurance, it was determined that this claim was underpaid."

VII. CORRECTIVE ACTION PLAN

Based on the findings stated in this Report, Aetna is required to implement the following Corrective Actions:

1. Aetna will amend its provider contracts to include the provisions required by [§ 38.2-3407.15 B of the Code](#);
2. Aetna will take steps to ensure copies of provider contracts are retained;
3. Aetna will take steps to ensure any new provisions or changes to existing provisions required by [§ 38.2-3407.15 B of the Code](#) are properly amended and included in its provider contracts going forward;
4. Aetna will amend its provider contracts to include the provisions required by [§ 38.2-3407.15:2 B of the Code](#) and take steps to ensure any required updates are included going forward;

5. Aetna will take steps to ensure claims are paid in accordance with the fee schedule incorporated into the contract, as required by [§ 38.2-3407.15 B 9 of the Code](#); and
6. Aetna will adjust the claims discussed in Review Sheets PCCL01-MG, PCCL02--MG, PCCL03-MG, PCCL04-MG, PCCL05-MG, PCCL11-MG, and PCCL14-MG and pay them at the contract rate for all services rendered along with statutory interest owed on the underpaid portion. Include with each check, an explanation stating that “As a result of a Target Market Conduct Examination by the Virginia State Corporation Commission’s Bureau of Insurance, it was determined that this claim was underpaid.”

Aetna shall provide a detailed outline of the steps it will take to comply with each corrective action item listed above and propose a timeline for completion.

COPY

VIII. ACKNOWLEDGMENT

The courteous cooperation extended to the examiners by Aetna's officers and employees during this examination is gratefully acknowledged. Jarod Mentzer, MCM, Mel Gerachis, FLMI, AIE, AIRC, AMCM, and Amelia Steadman, MCM, of the Bureau of Insurance participated in the work of the examination and writing of the Report.

Respectfully submitted,

Julie R. Fairbanks

Julie Fairbanks, CIE, FLMI, AIRC, MCM
BOI Manager, Market Conduct Section
Life and Health Market Regulation Division
Bureau of Insurance

COPY

IX. AREA VIOLATIONS SUMMARY BY REVIEW SHEET

ETHICS & FAIRNESS IN CARRIER BUSINESS PRACTICES
<i>Provider Contracts</i>
§ 38.2-3407.15 B 1, 4 violations, PC05-JM, PC06-JM, PC01-MG, PC06-MG
§ 38.2-3407.15 B 2, 4 violations, PC05-JM, PC06-JM, PC01-MG, PC06-MG
§ 38.2-3407.15 B 3, 4 violations, PC05-JM, PC06-JM, PC01-MG, PC06-MG
§ 38.2-3407.15 B 4, 4 violations, PC05-JM, PC06-JM, PC01-MG, PC06-MG
§ 38.2-3407.15 B 5, 9 violations, PC05-JM, PC06-JM, PC01-MG, PC05-MG, PC06-MG, PC07-MG, PC08-MG, PC09-MG, PC10-MG
§ 38.2-3407.15 B 6, 15 violations, PC04-AS, PC05-AS, PC07-AS, PC05-JM, PC06-JM, PC07-JM, PC08-JM, PC01-MG, PC03-MG, PC05-MG, PC06-MG, PC07-MG, PC08-MG, PC09-MG, PC10-MG
§ 38.2-3407.15 B 7, 4 violations, PC05-JM, PC06-JM, PC01-MG, PC06-MG
§ 38.2-3407.15 B 8, 4 violations, PC05-JM, PC06-JM, PC01-MG, PC06-MG
§ 38.2-3407.15 B 9, 3 violations, PC05-JM, PC06-JM, PC06-MG
§ 38.2-3407.15 B 10, 4 violations, PC05-JM, PC06-JM, PC01-MG, PC06-MG
§ 38.2-3407.15 B 11, 4 violations, PC05-JM, PC06-JM, PC01-MG, PC06-MG
§ 38.2-3407.15 B 12, 4 violations, PC05-JM, PC06-JM, PC01-MG, PC06-MG
<i>Provider Claims</i>
§ 38.2-3407.15 B 9, 9 violations, PCCL01-MG, PCCL02-MG, PCCL03-MG, PCCL04-MG, PCCL05-MG, PCCL11-MG, PCCL14-MG (3)

REQUIRED PROVISIONS IN CARRIER CONTRACTS REGARDING PRIOR AUTHORIZATION

§ 38.2-3407.15:2 B 1, 12 violations, PC06-AS, PC05-JM, PC06-JM, PC08-JM, PC01-MG, PC03-MG, PC05-MG, PC06-MG, PC07-MG, PC08-MG, PC09-MG, PC10-MG

§ 38.2-3407.15:2 B 2, 12 violations, PC06-AS, PC05-JM, PC06-JM, PC08-JM, PC01-MG, PC03-MG, PC05-MG, PC06-MG, PC07-MG, PC08-MG, PC09-MG, PC10-MG

§ 38.2-3407.15:2 B 3, 12 violations, PC06-AS, PC05-JM, PC06-JM, PC08-JM, PC01-MG, PC03-MG, PC05-MG, PC06-MG, PC07-MG, PC08-MG, PC09-MG, PC10-MG

§ 38.2-3407.15:2 B 4, 12 violations, PC06-AS, PC05-JM, PC06-JM, PC08-JM, PC01-MG, PC03-MG, PC05-MG, PC06-MG, PC07-MG, PC08-MG, PC09-MG, PC10-MG

§ 38.2-3407.15:2 B 5, 12 violations, PC06-AS, PC05-JM, PC06-JM, PC08-JM, PC01-MG, PC03-MG, PC05-MG, PC06-MG, PC07-MG, PC08-MG, PC09-MG, PC10-MG

§ 38.2-3407.15:2 B 6, 12 violations, PC06-AS, PC05-JM, PC06-JM, PC08-JM, PC01-MG, PC03-MG, PC05-MG, PC06-MG, PC07-MG, PC08-MG, PC09-MG, PC10-MG

§ 38.2-3407.15:2 B 7, 12 violations, PC06-AS, PC05-JM, PC06-JM, PC08-JM, PC01-MG, PC03-MG, PC05-MG, PC06-MG, PC07-MG, PC08-MG, PC09-MG, PC10-MG

§ 38.2-3407.15:2 B 8, 12 violations, PC06-AS, PC05-JM, PC06-JM, PC08-JM, PC01-MG, PC03-MG, PC05-MG, PC06-MG, PC07-MG, PC08-MG, PC09-MG, PC10-MG

§ 38.2-3407.15:2 B 9, 12 violations, PC08-AS, PC06-JM, PC08-JM, PC09-JM, PC01-MG, PC03-MG, PC05-MG, PC06-MG, PC07-MG, PC08-MG, PC09-MG, PC10-MG

§ 38.2-3407.15:2 B 10, 12 violations, PC08-AS, PC06-JM, PC08-JM PC09-JM, PC01-MG, PC03-MG, PC05-MG, PC06-MG, PC07-MG, PC08-MG, PC09-MG, PC10-MG

§ 38.2-3407.15:2 B 11, 12 violations, PC08-AS, PC06-JM, PC08-JM PC09-JM, PC01-MG, PC03-MG, PC05-MG, PC06-MG, PC07-MG, PC08-MG, PC09-MG, PC10-MG

§ 38.2-3407.15:2 B 12, 12 violations, PC08-AS, PC06-JM, PC08-JM PC09-JM, PC01-MG, PC03-MG, PC05-MG, PC06-MG, PC07-MG, PC08-MG, PC09-MG, PC10-MG

COPY

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

January 23, 2023

SENT VIA ELECTRONIC MAIL

Thomas Pownall
Director of Corporate Compliance
Aetna Life Insurance Company
6277 Stone Ridge Dr.
Dublin, VA 24084

RE: Market Conduct Examination Report
Exposure Draft

Dear Mr. Pownall:

Recently, the Bureau of Insurance conducted a Market Conduct Examination of Aetna Life Insurance Company for the period of July 1, 2020, through December 31, 2020. A preliminary draft of the Report is enclosed for your review.

Since it appears from a reading of the Report that there have been violations of Virginia Insurance Laws and Regulations on the part of Aetna Life Insurance Company, I would urge you to read the enclosed draft and furnish me with your written response within 30 days of the date of this letter. Please specify in your response those items with which you disagree, giving your specific reasons for disagreement and attach supporting documentation. Please do not include any personally identifiable information in the response.

For the corrective action items with which you agree, provide an outline of your intended method of compliance with each and a proposed timeline for completion in the response. If restitution payments are required to be made to insureds or providers, a spreadsheet will be provided to document those payments with all required details.

Please note that Aetna Life Insurance Company's response(s) to the draft Report will be attached to and become part of the final Report.

Once we have received and reviewed your response, we will respond noting any justified revisions to the Report and any areas where we maintained our position. At that time, we will request a detailed outline of Aetna Life Insurance Company's intended method of compliance with all corrective action items in the report and a timeline for completion.

Thank you for your prompt attention to this matter.

Yours truly,

Julie R. Fairbanks

Julie R Fairbanks
BOI Manager
Market Conduct Section
Life and Health Division
Bureau of Insurance
(804) 371-9785

JRF:mhh
Enclosure
cc: Julie Blauvelt

COPY



February 23, 2023

Via email: Julie.Fairbanks@scc.virginia.gov

Julie R. Fairbanks, AIE, FLMI, AIRC, MCM
BOI Manager, Market Conduct Section
Life and Health Market Regulation Division
Virginia Bureau of Insurance
P.O. Box 1157
Richmond, VA 23218-1157

RE: Aetna Life Insurance Company
Market Conduct Examination Report – Exposure Draft

Dear Ms. Fairbanks,

Thank you for the opportunity to review the draft report on the target market conduct examination of Aetna Life Insurance Company (as of December 31, 2020). The Company accepts the draft report as written. Our response to the Corrective Action Plan section is provided below.

VII. CORRECTIVE ACTION PLAN

1. Aetna will amend its provider contracts to include the provisions required by §38.2-3407.15B of the Code.
Company's response: The Company has drafted provider contract amendments which include the provisions required by §38.2-3407.15B. Dental provider contracts were updated on December 12, 2022. Medical and Behavioral provider contracts will be updated by April 7, 2023. The Virginia Addendum to Caremark Provider Agreement was updated on September 22, 2022.
2. Aetna will take steps to ensure copies of provider contracts are retained.
Company's response: The Company initiated a project in June 2021 to convert all existing paper contracts to electronic. This scanning project was completed in May 2022. New contracts are saved electronically, and all contracts are stored on the Company's servers.
3. Aetna will take steps to ensure any new provisions or changes to existing provisions required by §38.2-3407.15B of the Code are properly amended and included in its provider contracts going forward.
Company's response: The Company has a formal process in place that tracks new laws and regulations and ensures timely implementation of new requirements, including required changes to provider contracts.

4. Aetna will amend its provider contracts to include the provisions required by §38.2-3407.15:2 B of the Code and take steps to ensure any required updates are included going forward
Company's response: The Company has drafted provider contract amendments which include the provisions required by §38.2-3407.15:2. Dental provider contracts were updated on December 12, 2022. Medical and Behavioral provider contracts will be updated by April 7, 2023.
5. Aetna will take steps to ensure claims are paid in accordance with the fee schedule incorporated into the contract, as required by §38.2-3407.15B9 of the Code.
Company's response: The Company has reviewed and updated the pricing system to reflect the proper contracted rates with the providers in June 2021.
6. Aetna will adjust the claims discussed in Review Sheets PCCL01-MG, PCCL02-MG, PCCL03-MG, PCCL04-MG, PCCL05-mg, PCCL11-MG, and PCCL14-MG and pay them at the contract rate for all services rendered along with statutory interest owed on the underpaid portion. Include with each check, an explanation stating that "As a result of a Target Market Conduct Examination by the Virginia State Corporation Commission's Bureau of Insurance, it was determined that this claim was underpaid."
Company's response: The Company has initiated a claim rework project to correctly pay the contracted rate and include appropriate late claim interest. The required letter will be sent to the providers explaining the payment. The rework is scheduled to be completed by March 1, 2023.

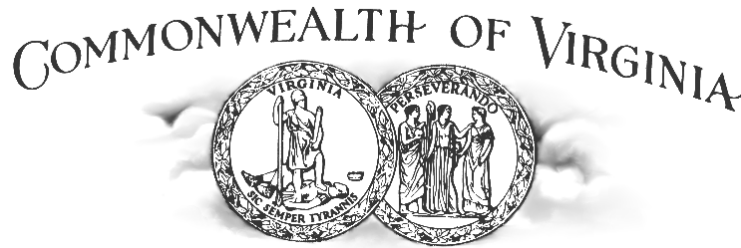
Thank you again for allowing us the opportunity to review the draft report and respond to the corrective actions. Should you have any questions concerning our response, please do not hesitate to contact me.

Respectfully,

Thomas E Pownall

Thomas E. Pownall, Senior Compliance Director
9 Entin Road, Suite 203
Parsippany, NJ 07054
p 973-244-3703 | f 860-975-1386
pownallte@aetna.com

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
www.scc.virginia.gov/boi

April 14, 2023

VIA ELECTRONIC MAIL

Thomas E. Pownall
Senior Compliance Director
Aetna Life Insurance Company

**RE: Response to the Draft Examination Report
Aetna Life Insurance Company (Aetna)**

Dear Mr. Pownall:

The examiners have received and reviewed Aetna's February 23, 2023, response to the Draft Report. The BOI does not intend to make any changes to the draft report before it is finalized and acknowledges that Aetna accepts the draft report as written. The BOI is providing the following attachments:

1. The BOI's Response

In this response, the examiners have addressed Aetna's response to the corrective action plan and identified places where additional information is needed regarding Aetna's proposed method of compliance.

2. Restitution Spreadsheet

For CAP Item Number 6, Aetna is required to make restitution. Upon completion of restitution, Aetna must complete and provide the attached spreadsheet listed below.

a. CAP Item Number 6 - Additional Fee Schedule Payments

Aetna may include additional fields in this spreadsheet as needed for clarification, but the attached spreadsheet specifies the minimum information that must be included.

In response to the BOI's correspondence, please acknowledge that the entire corrective action plan has already been completed or will be completed no later than May 30, 2023. Also confirm that the following documentation will be provided to the BOI by May 30, 2023:

- Documentation of all completed CAP Items as outlined in the attached BOI response.
- Completed CAP restitution spreadsheet, as referenced in Number 2 above.

The acknowledgement should be provided by Aetna on or before April 30, 2023, and the documentation provided on or before May 30, 2023, should address the BOI's concerns and requests for additional information referenced in the BOI's response (Number 1 above).

If you have any questions or need any additional information, please do not hesitate to contact me.

Very truly yours,



Julie R. Fairbanks, AIE, AIRC, FLMI, MCM
Chief Insurance Market Examiner
Life and Health Division
Telephone (804) 371-9385

COPY

**Market Conduct Examination Report
BOI Response
Aetna Life Insurance Company (Aetna)**

The examiners have received and reviewed Aetna's February 23, 2023, response to the draft report. The BOI acknowledges and appreciates Aetna's cooperation to implement corrective actions and the steps the Company has already taken. This response addresses Aetna's proposed corrective actions for each area of review in the same order as presented in the Draft Report.

SECTION V PROVIDER CONTRACTS REVIEW

CAP Item Number 1 (Required Contract Provisions)

Please provide documentation of the amendment(s) incorporated into Aetna's dental provider contracts effective on December 12, 2022, and the Caremark provider agreement effective on September 22, 2022. Please also provide the amendment(s) that were scheduled to be incorporated into Aetna's medical provider contracts on April 7, 2023. This should include a copy of the amendment(s) with the required provisions highlighted. In addition, please provide an example of the notification given to the providers.

CAP Item Number 2 (Retention of Contracts)

The BOI acknowledges that Aetna has undergone a process to convert all paper copies of provider contracts to electronic files. Please provide any relevant documentation as evidence of this process, including any internal procedures and compliance controls.

CAP Item Number 3 (New Provisions)

The BOI acknowledges that Aetna has a formal process to incorporate new provisions into the contracts. Please provide any relevant written documentation of this process, including any notices sent to the providers informing them of the changes. Please also include any changes that have been made in an effort to comply with the corrective action.

CAP Item Number 4 (Provisions of § 38.2-3407.15:2)

Please provide documentation of the amendment(s) which include the provisions of § 38.2-3407.15:2 of the Code incorporated into Aetna's dental contracts effective on December 12, 2022 and were to be incorporated to Aetna's medical provider contracts effective April 7, 2023. This should include a copy of the amendment(s) with the required provisions highlighted. In addition, please provide an example of the notification given to the providers. Also, please explain how Aetna will ensure any required updates are included in its contracts going forward.

SECTION VI. PROVIDER CLAIMS REVIEW

CAP Item Number 5 (Fee Schedule Payments)

The BOI acknowledges Aetna has updated its pricing system to conform with the contracted rates. Please provide any relevant documentation as to how the updated pricing system ensures claims are paid in accordance with the fee schedule incorporated into the contract.

CAP Item Number 6 (Adjusting Underpaid Provider Claim Review Sheets)

Please provide documentation of the reworked claims that were scheduled to be completed by March 1, 2023. This includes filling out the attached restitution spreadsheet with the relevant information.

Summary

On the basis of our review of the entire file, it appears that Aetna violated the Unfair Trade Practices Act, specifically § 38.2-510 A 15 of the Code. It also appears Aetna violated §§ 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3407.15 B 11, 38.2-3407.15 B 12, 38.2-3407.15:2 B 1, 38.2-3407.15:2 B 2, 38.2-3407.15:2 B 3, 38.2-3407.15:2 B 4, 38.2-3407.15:2 B 5, 38.2-3407.15:2 B 6, 38.2-3407.15:2 B 7, 38.2-3407.15:2 B 8, 38.2-3407.15:2 B 9, 38.2-3407.15:2 B 10, 38.2-3407.15:2 B 11, 38.2-3407.15:2 B 12 of the Code.

COPY



151 Farmington Avenue
Hartford, CT 06156-3124

Jim Bostian
Market President
Phone: (919) 337-1952
Email: bostianj@aetna.com

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

RE: Alleged violation of Code of Virginia § §§ 38.2-510 A 15, 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 B 10, 38.2-3407.15 B 11, 38.2-3407.15 B 12, 38.2-3407.15:2 B 1, 38.2-3407.15:2 B 2, 38.2-3407.15:2 B 3, 38.2-3407.15:2 B 4, 38.2-3407.15:2 B 5, 38.2-3407.15:2 B 6, 38.2-3407.15:2 B 7, 38.2-3407.15:2 B 8, 38.2-3407.15:2 B 9, 38.2-3407.15:2 B 10, 38.2-3407.15:2 B 11, and 38.2-3407.15:2 B 12.
Case No. INS-2023-00048

Dear Ms. Blauvelt

This will acknowledge receipt of the Bureau of Insurance's letter dated June 5, 2023, concerning the above-referenced matter.

Aetna Life Insurance Company wishes to make a settlement offer for the alleged violations cited above.

1. A certified check, cashier's check or money order payable to the Treasurer of Virginia in the amount of \$56,100 is enclosed.
2. We confirm that we have complied with and will continue to comply with, the corrective action plan set forth in the Bureau of Insurance's letter[s] dated January 23, 2023.
3. We confirm that restitution was made to 3 providers for \$1,364.83 in accordance with the Aetna Life Insurance Company's correspondence dated February 22, 2023.
4. We further acknowledge Aetna Life Insurance Company'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,

Aetna Life Insurance Company



(Signed)

Jim Bostian

(Type or Print Name)

Market President

(Title)

June 16, 2023

(Date)

Enclosure

COPY

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 11, 2023

SOC - CLERK'S OFFICE
DOCUMENT CONTROL CENTER

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

2023 JUL 11 A 11: 09

v.

CASE NO. INS-2023-00048

AETNA LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination conducted by the Bureau of Insurance ("Bureau"), the Bureau has alleged that Aetna Life Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, in certain instances violated § 38.2-510 A 15 of the Code of Virginia ("Code") by failing to comply with § 38.2-3407.15 of the Code, or to perform any provider contract provision required by that section; §§ 38.2-3407.15 B 1 - 12 of the Code by failing to include specific provisions in provider contracts related to minimum fair business standards; and, §§ 38.2-3407.15:2 B 1 - 12 of the Code by failing to include specific provisions in provider contracts related to prior authorization.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission. Through its settlement offer, the Defendant has agreed to comply with the corrective action plan set forth in the Bureau's letter dated January 23, 2023; has

230730043

confirmed that restitution was made to three (3) providers in the amount of One Thousand Three Hundred Sixty-Four Dollars and Eighty-Three Cents (\$1,364.83); has tendered to the Treasurer of Virginia the sum of Fifty-Six Thousand One Hundred Dollars (\$56,100); and has waived the right to a hearing.

The Bureau has recommended that the Commission accept the Defendant's settlement offer pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Defendant's settlement offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant's settlement offer is hereby accepted.
- (2) This case is dismissed.

Commissioner Patricia L. West participated in this matter.

A COPY hereof shall be sent by the Clerk of the Commission by electronic mail to: Thomas Pownall, Aetna Life Insurance Company, Director of Corporate Compliance, at PownallTE@aetna.com, P.O. Box 818092, Cleveland, Ohio 44181; and a copy shall be delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of Deputy Commissioner Julie Blauvelt.