

STATE OF WASHINGTON

Phone: (360) 725-7000  
www.insurance.wa.gov

MIKE KREIDLER  
STATE INSURANCE COMMISSIONER



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	No. G 08-0012
	)	
The Market Conduct Examination of	)	FINDINGS, CONCLUSIONS,
	)	AND ORDER ADOPTING REPORT
<b>Aetna Health, Inc.</b>	)	OF
	)	MARKET CONDUCT EXAMINATION
	)	
Authorized Domestic Health Care	)	
Service Contractor	)	

**BACKGROUND**

An examination of the market conduct of **Aetna Health, Inc.** (the Company) as of May 31, 2006 was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Company, domiciled in the state of Washington, holds a Washington certificate of registration as a health care service contractor. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and recommendations was transmitted to the Company for its comments on November 1, 2007. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

**FINDINGS**

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 31 of the report.



## CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of **Aetna Health, Inc.** and to order the Company to take the actions described in the Instructions and Recommendations sections of the report. The Commissioner acknowledges that the Company may have implemented the Instructions and Recommendations prior to the date of this order. The Instructions and Recommendations in the report are an appropriate response to the matters found in the examination.

## ORDER

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions and Recommendations contained in the examination report on pages 23 and 24.

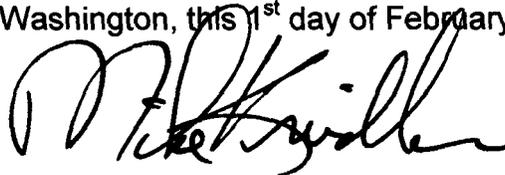
1. The Company is ordered to immediately cease referring to itself, both internally and externally, as an HMO and refer to itself only as an HCSC in accordance with its Certificate of Registration. RCW 48.46.027(1).
2. The Company is ordered to audit all COB claims adjudicated within the last 12 months and attest to compliance with Chapter 284-51 WAC. Further it must develop procedures to ensure that Washington COB claims are adjudicated in accordance with Chapter 284-51 WAC.
3. The Company is ordered to properly file all forms with the OIC prior to use. RCW 48.44.040, WAC 284-43-920.
4. The Company is ordered to add a provision to its dispute resolution procedure requiring the Company to render a decision within 60 days if a complaint involves a billing dispute and bring all current provider agreements into compliance. WAC 284-43-322(5).
5. The Company is ordered to file all substantive changes to its contract forms and bring all provider agreements into compliance. RCW 48.44.070, WAC 284-43-330.
6. It is ordered that the Company consider identifying the correct Company name on all correspondence, explanation of benefits and any other statements going out to providers and members.
7. It is ordered that the Company consider facilitating future examinations

by providing accurate, meaningful and complete information.

8. It is ordered that the Company consider updating its underwriting guidelines to reflect the current Washington definition of a small group.
9. It is ordered that the Company consider that provider groups not be issued agreements that stipulate individual provider agreements if no individual agreements will be executed. The terms and conditions of the agreements used for specific groups, as well as individuals, should reflect actual operating procedures.
10. It is ordered that the Company consider immediate implementation of subcontractor audits to ensure compliance with the appropriate code sections.
11. It is ordered that the Company consider establishing a procedure to ensure that all providers are properly notified of their responsibilities regarding the Company's administrative policies and programs.

IT IS FURTHER ORDERED THAT, the Company file with the Chief Market Conduct Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 1<sup>st</sup> day of February 2008.

A handwritten signature in black ink, appearing to read "Mike Kreidler", written in a cursive style.

MIKE KREIDLER  
Insurance Commissioner