



**State of New Jersey**

DEPARTMENT OF BANKING AND INSURANCE  
CONSUMER PROTECTION SERVICES

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CHRIS CHRISTIE  
*Governor*

KIM GUADAGNO  
*Lt. Governor*

RICHARD J. BADOLATO  
*Commissioner*

PETER L. HARTT  
*Director*

October 16, 2017

Michael Sebastian Costa, President  
Aetna Health, Inc.  
9 Entin Road  
Parsippany, NJ

**Re: Adopted New Jersey Market Conduct Examination Report**

Dear Mr. Costa,

I am enclosing a copy of the adopted Market Conduct Examination report on Aetna Health, Inc. This report contains the findings of the Department's examiners based on their recent examination. The examiner-in-charge filed and verified the report on February 15, 2017 pursuant to N.J.S.A. 17:23-24c. The Commissioner of the New Jersey Department of Banking and Insurance has adopted the report pursuant to accompanying Order No. E17-91, dated October 16, 2017.

Pursuant to N.J.S.A. 17:23-24d(1), the Company is required to file an affidavit with the Department's Market Conduct Unit stating under oath that its directors have received a copy of the adopted report. The signed affidavit should be sent to my attention within 30 days from receipt of the report attached hereto.

On behalf of the Market Conduct Examiners, I would like to thank you and your staff for their courteous efforts in facilitating this examination.

Very truly yours,

Clifton J. Day, MPA, MCM, CPM, CSM  
Chief of Market Regulation and Consumer  
Protection Services

c: Gale Simon, Assistant Commissioner

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of )  
Banking and Insurance, State of New Jersey, ) CONSENT  
with respect to Aetna Health Inc. ) ORDER  
(NAIC No. 95287) )

TO: Aetna Health Inc.  
9 Entin Road  
Parsippany, NJ

This matter, having been opened by the Commissioner of Banking and Insurance, State of New Jersey, upon the filing of a Market Conduct Examination Report ("Report") containing the results of the January 1, 2016 to June 30, 2016 examination of the practices of Aetna Health Inc., ("Company") with respect to preparation and use of Summaries of Benefits and Coverages, as performed by the New Jersey Department of Banking and Insurance ("Department") pursuant to the authority provided at N.J.S.A. 17:23-20 et seq.; and

WHEREAS, the market conduct examination did not reveal instances of noncompliance with various provisions of New Jersey insurance statutes or regulations.

NOW, THEREFORE, IT IS on this 18th day of October, 2017

ORDERED AND AGREED that the attached Report will be adopted and filed as an official record of the Department; and

IT IS FURTHER ORDERED AND AGREED that, pursuant to N.J.S.A. 17:23-24d(1), within 30 days of the adoption of the Report, the Company shall file an affidavit with the

Department's Market Conduct Unit, stating under oath that its directors have received a copy of the adopted Report.



Peter L. Hart  
Director of Insurance

Date: 10-16-17

Consented to by the Company, to as to form, content and entry

By:   
[Signature]

MICHAEL S. COSTA, Exec Director  
Printed Name, Title

Date: 7/18/17



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October 16, 2017

Honorable Richard Badolato  
Commissioner of Insurance  
State of New Jersey  
Department of Banking and Insurance  
20 West State Street  
P.O. Box 329  
Trenton, N.J. 08625

Dear Commissioner Badolato,

Pursuant to the authority provided in N.J.S.A. 26:2J-18.1 and N.J.S.A. 17:23-22, and in accordance with your instructions, a market conduct examination of the business practices and affairs was conducted on:

Aetna Health Inc., NAIC Code 95287  
Domiciled in Parsippany, NJ

hereinafter referred to as "Aetna." The field work for the Aetna examination was conducted in our Trenton, N.J. office. The following report is respectfully submitted on behalf of the examination team. Through a deliberative process, I certify the accuracy of the findings presented herein.

A handwritten signature in cursive script, reading "Clifton J. Day".

Clifton J. Day, MPA, MCM, CPM, CSM  
Chief of Market Regulation and Consumer  
Protection Services

**MARKET CONDUCT EXAMINATION**

**of**

**AETNA LIFE INSURANCE COMPANY  
(NAIC Company Number 60054; Group Number 1)  
Domiciled in Hartford, Connecticut**

**and**

**AETNA HEALTH, INC.  
(NAIC Company Number 95287; Group Number 1)  
Domiciled in Parsippany, NJ**

**as of**

**February 3, 2017**

**BY EXAMINERS**

**of the**

**STATE OF NEW JERSEY**

**DEPARTMENT OF BANKING AND INSURANCE**

**DIVISION OF INSURANCE**

**OFFICE OF CONSUMER PROTECTION SERVICES**

**MARKET REGULATION SECTION**

**REPORT ADOPTED: OCTOBER 16, 2017**

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## I. INTRODUCTION

This is a report of the Market Conduct activities of Aetna Life Insurance Company and Aetna Health Inc. (hereinafter collectively referred to as "Aetna" or "the Companies"). Authority for this examination is found at N.J.S.A. 26:2J-18.1 and N.J.A.C. 11:24-2.12 for Aetna Health Inc., a health maintenance organization ("HMO"), and N.J.S.A. 17:23-22 for Aetna Life Insurance Company. Market Conduct Examiners from the New Jersey Department of Banking and Insurance (hereinafter referred to as the "Department" or "DOBI") conducted this examination. The examiners present their findings, conclusions and recommendations in this report as a result of their market conduct examination of the Company. The Market Conduct Examiners were Examiner-in-Charge Robert Greenfield and examiners Marleen Sheridan, William Sonntag, Richard Segin, Erin Porter and Michael Wise.

### A. Scope of Examination

Pursuant to 29 C.F.R. 2590.715-2715 (group plans) and 45 C.F.R. 147.200(a) (individual plans), a health insurance issuer offering a group or individual health benefit plan is required to provide a Summary of Benefits and Coverage (hereinafter referred to as "SBC") for each benefit plan without charge to entities and individuals upon application, renewal, reissuance and reinstatement. The SBC is to include, among other things, a description of the coverage, including cost sharing, for each category of benefits and the exceptions, reductions and limitations of coverage. The scope of the examination included a census review of SBCs for health benefits plans issued in the individual and small employer markets to determine their accuracy. The examiners deemed an SBC to be accurate if it: 1) provided information consistent with the benefit summary that accompanied the rate filing for the pertinent health benefits plan as filed with the Department; and 2) complied with the limitations on cost sharing at N.J.A.C. 11:22-5.1 et seq.

The review period for this examination included SBCs issued as of January 1, 2016 and June 1, 2016. The examiners conducted this review at its Trenton, NJ office between June 27, 2016 and December 31, 2016.

Population sampling of Aetna's product portfolios was unnecessary because the examiners conducted a census review of specimen copies of all 2016 individual and small employer health benefits plans and their corresponding SBCs. The examiners conducted this review in accordance with the National Association of Insurance Commissioners' (hereinafter referred to as "NAIC") Market Regulation Handbook, Chapters 14, 16, 20 and 20A.

## **B. Error Ratios**

Error ratios are the percentage of SBCs reviewed which contained an error. A SBC is counted as an error when the stated benefit, benefit level, cost sharing or limitation is inconsistent with the information that accompanied the rate filing for that health benefits plan. As an example, an SBC that listed a \$10 co-pay for a physical therapy visit would be in error if the information in the rate filing showed a \$20 co-pay for physical therapy.

If a single SBC contains multiple errors, the examiners will count that SBC only once in calculating error ratios. However, any SBC that contains more than one error will be cited more than once in the report.

The examiners submitted written inquiries to Company representatives on the findings outlined in this report. These inquiries provided Aetna with an opportunity to respond to the examiners' findings and to provide exceptions to any statutory and/or regulatory errors or mishandling reported herein.

## **C. Company Profiles**

### Aetna Health Inc.

Aetna Health Inc., a New Jersey corporation, ("Aetna Health") is a wholly-owned subsidiary of Aetna Health Holdings, LLC, whose ultimate parent is Aetna Inc. ("Aetna").

Aetna Health was incorporated in the State of New Jersey and commenced operations as a health maintenance organization ("HMO") in 1983. Aetna Health offers group HMO plans, offered on both an insured basis (where Aetna Health assumes all or a majority of the financial risk for health care costs) and an employer-funded basis (where the employer or other plan sponsor under an administrative service only contract assumes all or a majority of this risk). In addition, through annual contracts with the Centers for Medicare and Medicaid Services, Aetna Health offers HMO plans for Medicare-eligible individuals through the Medicare Advantage program. Aetna Health is licensed only in New Jersey.

### Aetna Life Insurance Company

Aetna Life Insurance Company ("Aetna Life") is a wholly owned subsidiary of Aetna Inc., a Pennsylvania corporation. Aetna Life's health care products consist of medical, pharmacy benefits management, dental, behavioral health and vision plans offered on both an insured basis (where Aetna Life assumes all or a majority of the financial risk for health care costs) and an employer-funded basis (where the employer or other plan sponsor under an administrative service only contract assumes all or a majority of this risk). Aetna Life's medical plans include point of service ("POS"), preferred



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provider organization (“PPO”) and indemnity benefit plans. Medical plans also include a health savings account (“HSA”) and Actna HealthFund, which represents consumer-directed plans that combine traditional POS or PPO and/or dental coverage, subject to a deductible, with an accumulating benefit account (which may be funded by the plan sponsor and/or the member in the case of the HSAs). The Company is licensed in all 50 states.

## II. SUMMARY OF BENEFITS AND COVERAGE REVIEW

### A. Introduction

As of January 1, 2016, the Companies maintained a total of 82 SBCs. Products available included Indemnity Plans, Health Maintenance Organization plans, Exclusive Provider Organization plans and Point of Service plans. The Companies offered these products at the Gold, Silver and Bronze levels with various features and cost sharing options.

### B. Error Ratios

The examiners calculated the error ratios by applying the procedure outlined in the introduction of this report. As indicated in the chart below, the examiners reviewed a census population of 82 specimen SBCs and the benefit information in the rate filings for the pertinent plans. As outlined below, the examiners found no errors in this review.

Summary of Benefits and Coverages (SBC) Error Ratio Chart

<u>Company</u>	<u>SBC Documents Reviewed</u>	<u>SBC Documents in Error</u>	<u>Error Ratio</u>
Aetna Health, Inc.	29	0	0%
Aetna Life Insurance Co	<u>53</u>	<u>0</u>	0%
Totals	82	0	0%

### C. Examiners' Findings

#### 1. Consistency between the Summary of Benefits and Coverages and Benefit Summaries included in the associated Rate Filing. Zero Files in Error

The examiners reviewed 82 SBCs and found no errors when comparing SBCs to benefit information in the appropriate rate filings. The examiners also reviewed all SBCs to determine compliance with N.J.A.C. 11:22-5.1 et seq. The examiners found no errors in these reviews.

### III. VERIFICATION PAGE

I, Robert Greenfield, am the Examiner-in-Charge of the Market Conduct Examination of Aetna Life Insurance Company and Aetna Health Inc., conducted by examiners of the New Jersey Department of Banking and Insurance. This verification is based on my personal knowledge as acquired in my official capacity.

The findings, conclusions and recommendations contained in the foregoing report represent, to the best of my knowledge, a full and true statement of the Market Conduct Examination of Aetna Life Insurance Company and Aetna Health Inc., as of February 3, 2017.

I certify that the foregoing statements are true. I am aware that if any of the foregoing statements made by me is willfully false, I am subject to punishment.

February 15, 2017  
Date

Robert Greenfield  
Robert Greenfield  
Examiner in Charge  
New Jersey Department of Banking  
and Insurance