



DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

In Re:

AETNA HEALTH, INC.
(NAIC #95109)

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)
)
)

Market Conduct Examination No. 409779

ORDER OF THE DIRECTOR

NOW, on this 10th day of April, 2025, Director Angela L. Nelson, after consideration and review of the market conduct examination report of Aetna Health, Inc. (NAIC #95109) (hereinafter “Aetna”), examination report number #409779, prepared and submitted by the Division of Insurance Market Regulation (hereinafter “Division”) pursuant to §374.205.3(3)(a)¹, does hereby adopt such report as filed. After consideration and review of the Stipulation of Settlement (“Stipulation”), relating to the market conduct examination #409779, the examination report, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such report are deemed to be the Director’s findings and conclusions accompanying this order pursuant to §374.205.3(4). The Director does hereby issue the following orders:

This order, issued pursuant to §374.205.3(4) and §374.046.15 RSMo, is in the public interest.

IT IS THEREFORE ORDERED that the Director does hereby approve the Stipulation as agreed to by Aetna and the Division.

¹ All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

IT IS FURTHER ORDERED that Aetna shall not engage in any of the violations of statutes and regulations set forth in the Stipulation, shall implement procedures to place it in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri, shall maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 10th day of April, 2025.



Angela L. Nelson

Angela L. Nelson
Director

**IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI**

In Re:)
)
AETNA HEALTH, INC. (NAIC#001-95109)) **Market Conduct Examination No. 409779**
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STIPULATION OF SETTLEMENT

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the “Division”) and Aetna Health, Inc. (hereinafter “Aetna”) as follows:

WHEREAS, the Division is a unit of the Missouri Department of Commerce and Insurance (hereinafter the “Department”), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State of Missouri;

WHEREAS, Aetna has been granted a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division conducted a market conduct examination of Aetna, examination no. 409779; and

WHEREAS, based on the market conduct examination of Aetna, the Division alleges that:

1. Aetna’s Certificates of Coverage did not contain the mandated coverage for general anesthesia and hospital charges for dental care as required by §376.1225¹, in violation of that statute.

WHEREAS, the Division and Aetna have agreed to resolve the issues raised in the market conduct investigation as follows:

A. **Scope of Agreement.** This Stipulation of Settlement (hereinafter “Stipulation”) embodies

¹ All statutory references, unless otherwise noted, are to the 2016 Revised Statutes of Missouri.

the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement, or agreement not herein expressed has been made, and they acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** Aetna agrees to take remedial action, bringing it into compliance with the statutes and regulations of Missouri, and agrees to maintain those remedial actions at all times. Such remedial actions shall include the following:

1. Aetna agrees to amend Certificate of Coverage HI HCOC 11 to include coverage for benefits mandated by §376.1225.

2. Aetna agrees to include all Missouri-mandated benefits in its certificates of coverage going forward.

3. Aetna agrees to review all claims for benefits that would have been covered pursuant to §376.1225 from January 1, 2021 to the date of the Order approving this Stipulation to determine if any claim was improperly denied. If a claim was improperly denied, Aetna will re-adjudicate and pay the claim together with interest to be determined pursuant to §374.191. A letter will also be included with the payment indicating that, as a result of a Missouri Market Conduct Examination, it was determined that a payment was due to the claimant.

C. **Compliance.** Aetna agrees to file documentation pursuant to §374.205 with the Division, in a format acceptable to the Division, within 90 days of the entry of an Order approving this Stipulation, of any remedial action taken to implement compliance with the terms of this Stipulation, including any payments made pursuant to paragraph B 3.

D. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by Aetna, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations

arising out of the above-referenced market conduct examination.

E. **Waivers.** Aetna, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights to procedural requirements, including notice and an opportunity for a hearing and review or appeal by any trial or appellate court, which may have otherwise applied to the market conduct examination no. 409779.

F. **Amendments.** No amendments to this Stipulation shall be effective unless made in writing and agreed to by authorized representatives of the Division and Aetna.

G. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

H. **Authority.** The signatories below represent, acknowledge, and warrant that they are authorized to sign this Stipulation on behalf of the Division and Aetna, respectively.

I. **Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute a single document. Execution by facsimile or by electronically transmitted signature shall be fully and legally effective and binding.

J. **Effect of Stipulation.** This Stipulation shall not become effective until the entry of an Order by the Director approving this Stipulation.

K. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: April 4, 2025



Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: 3/25/25



Edward C. Lee
Vice President and Secretary
Aetna Health, Inc.



MARKET CONDUCT EXAMINATION REPORT
of the Health Business of

Aetna Health, Inc
NAIC # 001-95109

Home Office:
1425 Union Meeting Road
Blue Bell, PA 19422

Missouri Examination # 409779

Covering The Time Period of
January 1, 2021, Through December 31, 2022

DIVISION OF INSURANCE MARKET REGULATION
DEPARTMENT OF COMMERCE & INSURANCE
STATE OF MISSOURI

JEFFERSON CITY, MISSOURI



Division of Insurance Market Regulation

April 4, 2025

Angela L. Nelson, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Nelson:

In accordance with your market conduct examination warrant and in compliance with the statutory requirements of the State of Missouri, a targeted market conduct examination has been conducted of the specified lines of insurance and business practices of:

Aetna Health, Inc. (NAIC #001-95109)

This examination was conducted as a desk examination at the offices of the Missouri Department of Commerce and Insurance (DCI) in Jefferson City, MO, by the following DCI staff market conduct team members:

John Korte, Market Conduct Examiner-in-Charge

The examination results are contained in the attached report for your consideration. The report provides the scope of the examination, summarizes the applicable NAIC *Market Regulation Handbook* standards, testing performed, and lists the findings identified in reviews.

The Market Conduct team thanks you for the opportunity to serve the Missouri Department of Commerce and Insurance and the citizens of the great State of Missouri in conducting this examination.

Respectfully,

A handwritten signature in blue ink, appearing to read "T. Kroll".

Teresa Kroll
Chief Examiner, Market Conduct
Missouri Department of Commerce and Insurance



TABLE OF CONTENTS

FOREWORD	4
SCOPE OF EXAMINATION.....	4
METHODOLOGY	5
COMPANY PROFILE.....	6
EXECUTIVE SUMMARY	6
EXAMINATION FINDINGS	6
I. UNDERWRITING AND RATING	6
FINAL EXAMINATION REPORT SUBMISSION AND ACKNOWLEDGEMENT.....	8

FOREWORD

The following is a Market Conduct Examination Report performed by DCI staff market conduct examiners in the Market Conduct Section of the Division of Insurance Market Regulation. The Division of Insurance Market Regulation is an area of the Department of Commerce and Insurance that is statutorily required to perform the functions of rate and form regulation and monitor marketplace activity in addition to other functions assigned by the Director. The Market Conduct Section is tasked with the responsibility of ensuring equitable treatment of Missouri policyholders. One mechanism for performing this duty is to conduct a market conduct examination to review insurers' documents for compliance with Missouri statutes and regulations. Based on the statutory requirement to examine Health Maintenance Organizations, the Director of the Missouri Department of Commerce and Insurance issued an examination warrant on December 29, 2022.

The following is a “report by exception.” The report does not present a comprehensive overview of the insurer’s practices. Rather, it contains a summary of the non-compliant activities discovered during the course of the examination regarding the Company’s HMO business. All unacceptable or non-compliant activities may not have been discovered. Failure to identify, comment upon, or criticize non-compliant practices, procedures, products or files in this state or other jurisdictions does not constitute acceptance or approval of such practices.

Pursuant to § 374.205.4, RSMo, all working papers, recorded information, documents and copies thereof produced by, obtained by, or disclosed to the director or any person in the course of the examination are provided confidential treatment.

Statutory citations that were in effect during the time of the examination period were applied.

When used in this report:

- “Company” or “Aetna” refers to the Aetna Health, Inc.
- “CSR” refers to the Missouri Code of State Regulations
- “DCI” refers to the Missouri Department of Commerce and Insurance
- “Director” refers to the Director of the Missouri Department of Commerce and Insurance
- “Division” refers to the Division of Insurance Market Regulation
- “Handbook” refers to the 2022 NAIC *Market Regulation Handbook*
- “HMO” refers to Health Maintenance Organization
- “NAIC” refers to the National Association of Insurance Commissioners
- “RSMo” refers to the Revised Statutes of Missouri 2016 unless otherwise noted

SCOPE OF EXAMINATION

The market conduct examiners reviewed the Company’s business practices to determine compliance with Missouri insurance laws and regulations during the scope of the examination. This market conduct examination was performed in accordance with §§ 374.110, 374.190, 374.205, 375.938, 375.1009, 354.190, and 354.465, RSMo, which empowers the Director of the DCI to examine health maintenance organizations.

The primary period covered by this review is January 1, 2021, through December 31, 2022, unless otherwise noted. Errors found outside of this time period may also be included in the report. The examination consisted of a review of the following lines of insurance and business areas:

Health Maintenance Organization

- I. Operations/Management
- II. Underwriting and Rating
- III. Claims
- IV. Utilization Review

A health maintenance organization plan is an arrangement that provides, arranges, pays for, or reimburses any part of the cost of basic health care services on a prepaid basis. With regard to this line of business, market conduct examiners were tasked with reviewing the Company's health care business in the State of Missouri. Pursuant to § 354.465, RSMo, any HMO may be examined not less frequently than once every five years.

METHODOLOGY

The examiners utilized the Handbook standards when planning for and conducting their reviews. Applicable Handbook standards associated with identified errors are specifically cited in the Examination Findings section of this report. When determining which files to review, the examiners conducted both census reviews and sample reviews, as appropriate.

A review of all records in the population for a test is referred to as a census review. When a population is too large for a census review, the test is conducted by reviewing a sample of systematically selected number of records from within a population. With regards to sampling, the examiners referenced the guidance provided by the Handbook and utilized two sampling methodologies discussed in the sampling chapter: random and stratified. Under a random sampling methodology, all items in the target population have an equal chance of appearing in a sample. Under stratified sampling, the sample is obtained by performing a separate and independent random sample on a subpopulation of interest. The methodology used for each specific test is set out in the Examination Findings section of this report. Unless otherwise noted, the examiners selected all files on a random basis where a sample of a larger population was taken.

Samples were tested for compliance with standards established by the NAIC and the Department. When assessing compliance with the Unfair Trade Practices Act or Unfair Claims Settlement Practices Act, the examiners considered if the Company's actions were committed with such frequency to indicate a general business practice or if the actions were committed in conscious disregard of the law. One mechanism used by the examiners to assess if a general business practice violation occurred is to compare the Company's observed error ratio for such practice against the NAIC benchmark error ratios of seven percent (7%) for claims practices errors and ten percent (10%) for unfair trade practices errors. Observed error ratios which exceed these benchmarks are presumed to occur at such frequency to indicate a general business practice. Where a general business practice was identified, error ratios are set forth in the tables.

COMPANY PROFILE

Aetna Health, Inc., is a foreign health maintenance organization company, licensed in Missouri as of August 1998 under Chapter 354 with the following lines of authority:

Health Maintenance Organization

Aetna's state of domicile is Pennsylvania, and the Company operates in 22 states.

The Company was incorporated in the Commonwealth of Pennsylvania on May 7, 1981, and acquired the net assets and operations of a prepaid health care plan that had operated as a HMO in southeastern Pennsylvania since 1976. The Company was first incorporated August 13, 1998, as a Missouri domestic HMO. Effective December 31, 2009, the Company merged with Aetna Health Inc., a Pennsylvania corporation. In 2018, CVS Health, a Delaware corporation, acquired Aetna. Missouri approval of the merger is found in Case No. 180117077C.

The written premium and market share for the last year of the exam timeframe is captured in the table below.

Aetna Health, Inc., Financial Reporting 2022			
Line of Business	Direct Premium Earned	Direct Losses Incurred	Market Share
Aetna Health, Inc.	\$18,669,445	\$16,604,316	0.20%
Missouri HMO Market	\$9,228,741,305	\$5,935,000,870	100%

EXECUTIVE SUMMARY

Compliance issues were found in one of the four business areas examined. The following is a summary of the findings:

UNDERWRITING AND RATING

- The Company did not include a mandated health care benefit in its certificate of coverage.

EXAMINATION FINDINGS

I. UNDERWRITING AND RATING

The underwriting and rating portion of the examination provides a review of the Company's compliance with Missouri statutes and regulations regarding underwriting and rating practices, such as the use of policy forms, adherence to underwriting guidelines, assessment of premiums,

and procedures to decline or terminate coverage. The following Handbook standards were reviewed and applied in the underwriting and rating review.

- Chapter 20 – Underwriting and Rating:

Standard 5: All forms, including policies, contracts, riders, amendments, endorsement forms and certificates, are filed with the insurance department, if applicable.

In accordance with this Handbook standard, the examiners selected and requested a listing of policy forms in-force during the examination time frame from data supplied by the Company. Reviews of the forms were conducted to determine adherence to Missouri statutes and regulations.

The examiners found the following error in this review.

Finding 1: The Company's Certificates of Coverage do not contain the mandated coverage identified in § 376.1225, RSMo. The Company provides coverage without benefits being specifically stated in the form.

Reference: § 376.1225, RSMo

FINAL EXAMINATION REPORT SUBMISSION
AND ACKNOWLEDGEMENT

Attached hereto is the Division of Insurance Market Regulation's final report of the examination of Aetna Health Inc. (NAIC #95109) Missouri Examination Number SBS #409779. The findings in the final report were extracted from the Market Conduct Examiner's Draft Report, dated December 18, 2024. Any changes from the text of the Market Conduct Examiner's Draft Report reflected in this final report were made by the Chief Market Conduct Examiner or with the Chief Market Conduct Examiner's approval. This final report has been reviewed and approved by the undersigned.

The courtesy and cooperation extended by the officers and employees of the Company during the course of the Examination are hereby acknowledged.

April 4, 2025

Date



Teresa Kroll
Chief Examiner, Market Conduct

This examination was conducted by and the draft report was produced by the following team members:

Damion Hughes
Examination Manager
Market Conduct

John Korte, CIE, MCM, FLMI, AIRC
Examiner-In-Charge
Market Conduct