DELAWARE DEPARTMENT OF INSURANCE

MARKET CONDUCT EXAMINATION REPORT

AETNA LIFE INSURANCE COMPANY
NAIC # 60054

151 Farmington Avenue
Hartford, CT 06156

As of

April 30, 2018

Trinidad Navarro
Commissioner

Delaware Department of Insurance

REPORT ON EXAMINATION

OF THE

AETNA LIFE INSURANCE COMPANY

AS OF

April 30, 2018

The above-captioned Report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted and filed as an official record of this Department.

In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 14th day of April, 2020.

Trinidad Navarro
Insurance Commissioner

Trinidad Navarro
Commissioner

Delaware Department of Insurance

I, Trinidad Navarro, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of April 30, 2018 on

AETNA LIFE INSURANCE COMPANY

is a true and correct copy of the document filed with this Department.

Attest By: Robert K David

In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 14th day of April, 2020.

Trinidad Navarro

Trinidad Navarro
Insurance Commissioner

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Honorable Trinidad Navarro
Insurance Commissioner
State of Delaware
841 Silver Lake Boulevard
Dover, Delaware 19904

Dear Commissioner Navarro:

In compliance with the instructions contained in Certificate of Examination Authority Number: 60054-18-709 and pursuant to statutory provisions including 18 Del. Code §318-322, a market conduct examination has been conducted of the affairs and practices of:

Aetna Life Insurance Company
NAIC # 60054

This examination was performed as of April 30, 2018 and was conducted off-site examination at the offices of the Delaware Department of Insurance, hereinafter referred to as the Department or DDOI, or other suitable locations.

The report of examination herein is respectfully submitted.

EXECUTIVE SUMMARY

The main administrative offices of Aetna Life Insurance Company (Aetna Life or the Company) are located in Hartford, Connecticut. The Company's 2017 annual statement filed with the Department reported total premiums written for all states of $18,640,253,922 of which Delaware has a market share of 1.14% or approximately $212,529,277.

This examination focused on the Aetna Life's healthcare lines in the following areas of operation: Forms, Complaint Handling, Grievances and Appeals, and Claims for the period of January 1, 2016, through April 30, 2018. The following exceptions were noted and the details for the cited code references are included:

- **3 Exceptions**
  18 *Del. C.* § 2304(16)(n) Unfair claim settlement practices.
  n. Failing to promptly provide a reasonable explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement.

  Aetna Life failed to provide an explanation for the denial of the claim or for the offer of a compromise settlement.

- **1 Exception**
  18 *Del. C.* § 2304(16)(f) Unfair claim settlement practices.
  f. Not attempting in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear;

  Aetna Life after review denied a claim and then recovered the payment on the claim which had been appropriately paid. Aetna Life failed to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear.

- **1 Exception**
  18 *Del. C.*§ 2304(26) Failure to respond to regulatory inquiries.
  (26) Failure to respond to regulatory inquiries. — No person shall, with such frequency as to indicate a general business practice, fail to provide preliminary substantive responses to inquiries from the Department of Insurance regarding the denial of claims, cancellation, nonrenewal, or refusal of benefits, refusal to pre-authorize benefits, or violations of this title, within 21 calendar days of such inquiry. A response in compliance with this paragraph shall not preclude the provision of additional information responsive to the inquiry.

  Aetna Life failed to provide a response to the Department of Insurance within a timely manner.

- **10 Exceptions**
  18 *Del. C.* § 332(c)(4) Prompt response to written grievances.
  (4) Prompt response to written grievances. — The IRP shall provide that within 5 business days of receipt of a written grievance, the carrier shall provide written acknowledgement of the grievance, including the name, address and telephone number of the individual or department designated by the carrier to respond to the grievance.

  Aetna Life failed to provide written acknowledgement of the grievances that included the name, address and telephone number of the individual or department designated by the carrier to respond to the grievance within 5 business days of receipt.

- **3 Exceptions**
  18 *Del. C.* § 332(c)(7) Written notice of decisions.
  (7) Written notice of decisions. — The IRP shall provide that within 5 days after a grievance is decided in the manner described above, the insured shall be provided with written notice of the disposition of that grievance. In cases where the grievance has been decided in a manner that does not pay the claim in its entirety, the carrier shall provide the insured with a letter fully stating the reasons for the disposition (including specific policy language relied upon and any other documents relied upon) and the clinical rationale for the determination in cases where the determination has a clinical basis. The carrier's written notice shall also inform the insured of the appropriate manner for the insured to pursue an external review of the carrier's decision. Finally, the carrier's written notice shall inform the insured of the mediation services offered by the Department of Insurance, but shall clearly inform the insured in layman's terms that mediation does not change the deadlines imposed by § 6416 of this title or this section. The Department of Insurance shall inform any person with rights under § 6416 of this title or this section of those rights.

  Aetna Life did not provide written notice to the insured of mediation services offered by the Department.. Further, the Company failed to provide written notice of the review decision.

- **2 Exceptions**
  18 *Del. Admin. C.* § 1301- 5.2 IHCAP Procedure.
  5.2 Upon receipt of an appeal, the carrier shall transmit the appeal electronically to the Department as soon as possible, but within no more than three business days.

  Aetna Life failed to transmit the appeals electronically to the Department within three business days.

- **2 Exceptions**
  18 *Del. Admin. C.* §1310 - 6.2 Processing of Clean Claim.
  6.2 The request pursuant to section 6.1.4 must describe with specificity the clinical information requested and relate only to information the carrier can demonstrate is specific to the claim or the claim's related episode of care. A provider is not required

to provide information that is not contained in, or is not in the process of being incorporated into, the patient's medical or billing record maintained by the provider whose services are the subject of inquiry. A carrier may make only one request under this subsection in connection with a claim. A carrier who requests information under this subsection shall take action under sections 6.1.1 through 6.1.3 within 15 days of receiving properly requested information.

Aetna Life failed to provide a determination of the claims within 15 days following receipt of additional requested information.

- **11 Exceptions**
  18 *Del. C.* § 2304(16)(a)(b) Unfair claim settlement practices.
  No person shall commit or perform with such frequency as to indicate a general business practice any of the following:
  a. Misrepresenting pertinent facts or insurance policy provisions relating to coverages at issue;
  b. Failing to acknowledge and act reasonably promptly upon communication with respect to claims arising under insurance policies;

  Aetna Life misrepresented insurance policy provisions and failed to acknowledge and act promptly upon initial communication with respect to claims.

- **7 Exceptions**
  18 *Del. Admin. C.* § 902-1.2.1.5 Authority for Regulation; Basis for Regulation.
  Failing to affirm or deny coverage or a claim or advise the person presenting the claim, in writing, or other proper legal manner, of the reason for the inability to do so, within 30 days after proof of loss statements have been received by the insurer.

  Aetna Life failed to affirm or deny the claims within 30 days.

- **9 Exceptions**
  18 *Del. Admin. C.* § 902-1.2.1.2 Authority for Regulation; Basis for Regulation.
  1.2.1.2 Failing to acknowledge and respond within 15 working days, upon receipt by the insurer, to communications with respect to claims by insureds arising under insurance policies.

  Aetna Life failed to acknowledge the claims within 15 working days.

- **12 Exceptions**
  18 *Del. Admin. C.* § 902-1.2.1.3 Authority for Regulation; Basis for Regulation.
  1.2.1.3 Failing to implement prompt investigation of claims arising under insurance policies within 10 working days upon receipt of the notice of loss by the insurer.

  Aetna Life failed to implement prompt investigation of the claims within 10 working days.

- **4 Exceptions**
  18 *Del. Admin. C.* § 1310 - 6.1.1 Processing of Clean Claim.
  6.1 No more than 30 days after receipt of a clean claim from a provider or policyholder, a carrier shall take one of the following four actions:
  6.1.1 if the entire claim is deemed payable, pay the total allowed amount of the claim;
  6.1.2 if a portion of the claim is deemed payable, pay the allowable portion of the claim that is deemed payable and specifically notify the provider or policyholder in writing why the remaining portion of the claim will not be paid;
  6.1.3 if the entire claim is deemed not payable, specifically notify the provider or policyholder in writing why the claim will not be paid;
  6.1.4 if the carrier needs additional information from a provider or policyholder who is submitting the claim to determine the propriety of payment of a claim, the carrier shall request in writing that the provider or policyholder provide documentation that is relevant and necessary for clarification of the claim.

  Aetna Life failed to pay the claims within 30 days.

- **4 Exceptions**
  18 *Del. Admin. C.* § 1310 - 6.1.3 Processing of Clean Claim.
  6.1 No more than 30 days after receipt of a clean claim from a provider or policyholder, a carrier shall take one of the following four actions:
  6.1.1 if the entire claim is deemed payable, pay the total allowed amount of the claim;
  6.1.2 if a portion of the claim is deemed payable, pay the allowable portion of the claim that is deemed payable and specifically notify the provider or policyholder in writing why the remaining portion of the claim will not be paid;
  6.1.3 if the entire claim is deemed not payable, specifically notify the provider or policyholder in writing why the claim will not be paid;
  6.1.4 if the carrier needs additional information from a provider or policyholder who is submitting the claim to determine the propriety of payment of a claim, the carrier shall request in writing that the provider or policyholder provide documentation that is relevant and necessary for clarification of the claim.

  Aetna Life failed to notify the provider or policyholder in writing why the claim will not be paid within 30 days.

SCOPE OF EXAMINATION

The Market Conduct Examination was conducted pursuant to the authority granted by 18 Del. C. §§318-322 and covered the experience period of January 1, 2016, through April 30, 2018 unless otherwise noted. The purpose of the examination was to determine compliance by the Company with Delaware insurance laws and regulations related to the healthcare lines.

METHODOLOGY

This examination was performed in accordance with Market Regulation standards established by the Department and examination procedures suggested by the NAIC. While the examiners' report on the errors found in individual files, the general business practices of the Company were also a subject of the review.

Aetna Life was requested to identify the universe of files for each segment of the review. Based on the universe sizes identified, random sampling was utilized to select the files reviewed for this examination.

Delaware Market Conduct Examination Reports generally note only those items, to which the Department, after review, takes exception. An exception is any instance of Company activity that does not comply with an insurance statute or regulation. Exceptions contained in the Report may result in imposition of penalties. General practices, procedures, or files that were reviewed by Department examiners during the course of an examination may not be referred to in the Report if no improprieties were noted. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables company management to review these areas of concern in order to determine the potential impact upon Company operations or future compliance.

Throughout the course of the examination the Aetna Life's officials were provided status memoranda which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit conference was conducted with Aetna Life's officials to discuss the various types of exceptions identified during the examination and review written summaries provided on the exceptions found.

COMPANY HISTORY AND PROFILE

Aetna Life was incorporated in Connecticut on June 4, 1853. The Company was a publicly held corporation until 1967, when all the outstanding shares of its stock were acquired by Aetna Life and Casualty Company ("AL&C") in a share exchange. In 1996, AL&C changed its name to Aetna Services, Inc. ("ASI") and became a wholly owned subsidiary of Aetna Inc., a Connecticut corporation ("Old Aetna"). On October 31, 2000, ASI merged into Old Aetna, and on November 3, 2000 Aetna Life became a wholly-owned subsidiary of Aetna U.S. Healthcare Inc., a Pennsylvania corporation ("New Aetna"), which was a wholly owned subsidiary of Old Aetna at such time. On December 13, 2000, Old Aetna sold its financial services and international businesses and simultaneously spun-off New Aetna to its shareholders. On the same date, New Aetna was renamed Aetna Inc. Shares of New Aetna are traded on the New York Stock Exchange. Aetna Life is a for profit stock corporation.

Aetna Life is licensed as a life and accident and health company in all 50 states, District of Columbia, and U.S. Territories. In 2017, Aetna Life reported $18,640,253,922

premium of which $212,529,277 was written in Delaware. In 2016, Aetna Life reported $18,520,586,858 premium of which $147,386,928 was written in Delaware.

COMPANY OPERATIONS AND MANAGEMENT

The Company provided the following company operations and management documentation:

- Internal Control Methods.
- Internal Audits.
- Company Overview and History.
- Third Party Administrators.
- The Company's Annual Report for 2015, 2016, and 2017.
- Overpayments.

The documents were reviewed to ensure compliance with the State of Delaware Laws and Regulations. The only exceptions are noted below:

OVERPAYMENT

Health insurers often pay claims and subsequently determine the amount paid was incorrect. If a claim is paid at a higher amount then what was appropriate an overpayment recovery must occur.

Aetna Life was requested to explain their overpayment recovery processes and procedures. They were also requested to provide written documentation of the process used to identify claim overpayments, notify providers of the overpayments, and the recovery methods used. A listing of all claim overpayment recoveries during the examination period of January 1, 2016 through April 30, 2018 was requested. The Company provided a list of 12,429 overpayment recoveries. A random sample of 116 was selected and reviewed.

1 Exception - 18 *Del. C.* § 2304(16)(n) Unfair claim settlement practices.

Aetna Life failed to provide an explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement.

Recommendation: It is recommended that the Company provide an explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement as required by 18 *Del. C.* § 2304(16)(n).

1 Exception - 18 *Del. C.* § 2304(16)(f) Unfair claim settlement practices.

Aetna Life after review denied a claim and recovered the payment on a claim which had been appropriately paid.

Recommendation: It is recommended that the Company effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear as required by 18 *Del. C.* § 2304(16)(f).

FORMS

Aetna Life was requested to provide a list of all individual/group policy, certificate forms, conversion contracts, applications, amendments and endorsements used during the experience period for newly issued health coverage in Delaware. The Company provided a list of 460 DDOI forms and certificates that were in use during the examination period. A sample of 84 forms and certificates was selected for reviewed.

The forms and certificates selected were reviewed for compliance with applicable Delaware Department of Insurance statutes.

There were no exceptions noted.

COMPLAINT HANDLING

A. DOI Complaints:

Aetna Life was requested to provide a listing of all complaints initiated through the DDOI and filed with the Company during the examination period of January 1, 2016 through April 30, 2018. The Company provided a list of 41 Department complaints that were received during the examination period. All 41 Department complaint files were reviewed.

The Department also provided a list of complaints received during the examination period. Reconciliation between Aetna Life's list and the Department list was performed, and discrepancies were addressed. All complaint files were reviewed for compliance with applicable DDOI statutes.

The following exceptions were noted:

1 Exception - 18 *Del. C*. § 2304(26) Failure to respond to regulatory inquiries.

Aetna Life did not provide a response to the Department within 21 calendar days.

Recommendation: It is recommended that the Company responds to regulatory inquires within 21 calendar days as required by 18 *Del. C*. § 2304(26).

B. Non-DOI Complaints:

Aetna Life was requested to provide a listing of all Non-Department of Insurance complaints filed with the Company during the examination period of January 1, 2016

through April 30, 2018. The Company provided a list of 34 consumer complaints that were received directly by the Company during the examination period. All 34 complaint files were reviewed.

In addition, the Company's policies and procedures related to the handling and processing of complaints were provided and reviewed.

All complaint files and associated policies and procedures were reviewed for compliance with applicable Department statutes.

The following exceptions were noted:

2 Exceptions - 18 *Del. C.* § 332(c)(4) Prompt response to written grievances.

Aetna Life failed to provide written acknowledgement of the grievances that included the name, address and telephone number of the individual or department designated by the carrier to respond to the grievance within 5 business days of receipt.

Recommendation: It is recommended that the Company provide written acknowledgement of grievances including the name, address and telephone number of the individual or department designated by the carrier to respond to the grievance within 5 business days of receipt as required by *18 Del. C.* § 332(c)(4).

3 Exceptions – 18 *Del. C.* § 332(c)(7) Written notice of decisions.

Aetna Life did not provide written notice to the insured of mediation services offered by the Department. Further, the Company failed to provide written notice of the review decision.

Recommendation: It is recommended that the Company provide written notices of grievance dispositions which should inform the insured of the mediation services of by the Department of Insurance as required by 18 *Del. C.* § 332(c)(7).

GRIEVANCES AND APPEALS

Aetna Life was requested to provide a listing of all Appeals and Grievances filed with the Company during the examination period of January 1, 2016 through April 30, 2018. The Company provided a list of 168 appeals and grievances that were received during the examination period. A random sample of 79 files was selected for review.

The sample of grievance and appeal files and associated policies and procedures were reviewed for compliance with applicable Department statutes.

The following exceptions were noted:

8 Exceptions – 18 *Del. C.* § 332(c)(4) Prompt response to written grievances.

Aetna Life failed to provide written acknowledgement of the grievances that included the name, address and telephone number of the individual or department designated by the carrier to respond to the grievance within 5 business days of receipt.

Recommendation: It is recommended that the Company provide written acknowledgement of grievances including the name, address and telephone number of the individual or department designated by the carrier to respond to the grievance within 5 business days of receipt as required by *18 Del. C.* § 332(c)(4).

A. External Reviews:

The Coordinators Handbook requested that the Company provide a list of all external review requests that were received from Delaware consumers and referred through the DDOI during the experience period. The Company provided a list of five external reviews and the associated files.

The Department also provided a list of external appeals received during the examination period. Reconciliation between Aetna Life's list and the Department list was performed, and discrepancies were addressed.

The grievance and appeal files related to external reviews and associated policies and procedures were reviewed for compliance with applicable Department statutes.

The following exceptions were noted:

2 Exceptions – 18 *Del. Admin. C.* § 1301- 5.2 IHCAP Procedure.

Aetna Life failed to transmit the appeals electronically to the Department within three business days.

Recommendation: It is recommended that the Company transmit the appeals electronically to the Department within three business days as required by 18 *Del. Admin. C.* § 1301- 5.2

CLAIMS

Aetna Life was requested to provide listings of all claims that occurred during the examination period. The listings were separated by product type. The product types are Trad which is Traditional Plans, PPO which is Preferred Provider Organization plans and SRC which are Strategic Resource Centers, which are responsible for the limited benefit plans. The results of the reviews are provided below.

A. Claim Manuals:

Aetna Life was requested to provide the following documentation related to Claim Manuals and procedures:

- Copies of all claim manuals and the Company's Claims procedures
- Copies of procedures and program specifications on how the Company determines if interest is due on claim payments and how such interest is calculated.
- Copies of all claims processing reports generated during the examination period which measure actual performance against standards.
- Any revisions or amendments to the procedures during the exam period.

The Company provided their response to the request with the following:

> "The Company maintains all claims processing, alerts, directives and policy and procedures as an online reference manual for research and guidance. Claim processing alerts, directives and policy and procedure documents are accessible in an on-line format and producing copies of this entire population of documents will result in a voluminous amount of paper and/or extremely large files.
>
> As an alternative, we propose that the Company provide the examiners with our claim processing procedures on any specific topic upon request. We have uploaded a Table of Contents document listing the various claim topics for your reference to the Department ShareFile and a listing of Delaware specific policies (below) that can be provided upon request."

The listing provided was a 38-page document that included only the title of the claim document lacking a description or the Company to which the document applies. The examination team based on this limited information selected a total of 108 manuals and documents for review.

There were no exceptions noted.

B. Trad Paid Claims:

Aetna Life was requested to provide a listing of all claims that were paid during the examination period of January 1, 2016, through April 30, 2018. The Company provided a list of 96,932 Trad claims that were paid during the examination period. A random sample of 109 claims was selected for review.

The following exception was noted:

1 Exception – 18 *Del. Admin. C.* § 1310 - 6.2 Processing of Clean Claim

Aetna Life failed to provide a determination of the claim within 15 days following receipt of additional requested information.

Recommendation: It is recommended that the Company provide a determination of the claim within 15 days following receipt of additional requested information as required by 18 *Del. Admin. C.* § 1310 - 6.2.

C. Trad Denied Claims:

Aetna Life was requested to provide a listing of all claims that were denied during the examination period of January 1, 2016, through April 30, 2018. The Company provided a list of 7,371 Trad claims that were denied during the examination period. A random sample of 108 claims was selected for review.

The following exception was noted.

1 Exception - 18 *Del. C.* § 2304(16)(n) Unfair claim settlement practices.

Aetna Life did not provide an explanation to the insured for the denial of the claim.

Recommendation: It is recommended that the Company provide an explanation for a denial of a claim or for the offer of a compromise settlement as required by 18 *Del. C.* § 2304(16)(n).

D. SRC Paid Claims:

Aetna Life was requested to provide a listing of all claims that were paid during the examination period of January 1, 2016 through April 30, 2018. The Company provided a list of 71 SRC claims that were paid during the examination period. All 71 claims were selected for review.

The following exceptions were noted:

6 Exceptions - 18 *Del. C.* § 2304(16)(a)(b) Unfair claim settlement practices.

Aetna Life misrepresented insurance policy provisions and failed to acknowledge and act promptly upon initial communication with respect to claims.

Recommendation: It is recommended that the Company accurately represent policy provisions and to act promptly upon initial communication with respect to claims as required by 18 *Del. C.* § 2304(16)(a)(b).

E. SRC Denied Claims:

Aetna Life was requested to provide a listing of all claims that were denied during the examination period of January 1, 2016, through April 30, 2018. The Company provided a list of 40 SRC claims that were denied during the examination period. All 40 claims were selected for review.

The following exceptions were noted:

2 Exceptions - 18 *Del. Admin. C.* § 902 – 1.2.1.5 Authority for Regulation; Basis for Regulation.

Aetna Life failed to affirm or deny the claims within 30 days.

Recommendation: It is recommended that the Company affirm or deny claims within 30 days as required by 18 *Del. Admin. C*. § 902 – 1.2.1.5.

6 Exceptions - 18 *Del. Admin. C.* § 902 – 1.2.1.2 Authority for Regulation; Basis for Regulation

Aetna Life failed to acknowledge the claims within 15 working days.

Recommendation: It is recommended that the Company acknowledge claims within 15 working days as required by 18 *Del. Admin. C.* § 902 – 1.2.1.2.

5 Exceptions - 18 *Del. C.* § 2304(16)(a)(b) Unfair claim settlement practices.

Aetna Life misrepresented insurance policy provisions and failed to acknowledge and act promptly upon initial communication with respect to the claims.

Recommendation: It is recommended that the Company accurately represent policy provisions and to act promptly upon initial communication with respect to claims as required by 18 *Del. C.* § 2304(16)(a)(b).

F. PPO Paid Claims:

Aetna Life was requested to provide a listing of all claims that were paid during the examination period of January 1, 2016 through April 30, 2018. The Company provided a list of 93,143 PPO claims that were paid during the examination period. A random sample of 109 was selected for review.

The following exceptions were noted:

3 Exceptions - 18 *Del. Admin. C.* § 902 – 1.2.1.3 Authority for Regulation; Basis for Regulation.

Aetna Life failed to implement prompt investigation of the claims within 10 working days.

Recommendation: It is recommended that the Company implement prompt investigation of claims within 10 working days as required by 18 *Del. Admin. C.* § 902 – 1.2.1.3.

2 Exceptions - 18 *Del. Admin. C.* § 902 – 1.2.1.5 Authority for Regulation; Basis for Regulation.

Aetna Life failed to affirm or deny the claims within 30 days.

Recommendation: It is recommended that the Company affirm or deny claims within 30 days as required by 18 *Del. Admin. C.* § 902 – 1.2.1.5.

4 Exceptions - 18 *Del. Admin. C.* § 1310 - 6.1.1 Processing of Clean Claim.

Aetna Life failed to pay the claims within 30 days.

Recommendation: It is recommended that the Company pay claims within 30 days as required by 18 *Del. Admin. C.* § 1310 - 6.1.1.

1 Exception – 18 *Del. Admin. C.* § 1310 - 6.2 Processing of Clean Claim.

Aetna Life failed to provide a determination of the claim within 15 days following receipt of additional requested information.

Recommendation: It is recommended that the Company provide a determination of the claim within 15 days following receipt of additional requested information as required by 18 *Del. Admin. C.* § 1310 - 6.2.

G. PPO Denied Claims:

Aetna Life was requested to provide a listing of all claims that were denied during the examination period of January 1, 2016 through April 30, 2018. The Company provided a list of 15,245 PPO claims that were denied during the examination period. A random sample of 109 was selected for review.

The following exceptions were noted:

3 Exceptions - 18 *Del. Admin. C.* § 902 – 1.2.1.2 Authority for Regulation; Basis for Regulation.

Aetna Life failed to acknowledge the claims within 15 working days.

Recommendation: It is recommended that the Company acknowledge claims within 15 working days as required by 18 *Del. Admin. C.* § 902 – 1.2.1.2.

9 Exceptions - 18 *Del. Admin. C.* § 902 – 1.2.1.3 Authority for Regulation; Basis for Regulation.

Aetna Life failed to implement prompt investigation of the claims within 10 working days.

Recommendation: It is recommended that the Company implement prompt investigation of claims within 10 working days as required by 18 *Del. Admin C.* § 902 – 1.2.1.3.

3 Exceptions - 18 *Del. Admin. C*. § 902 – 1.2.1.5 Authority for Regulation; Basis for Regulation.

Aetna Life failed to affirm or deny the claims within 30 days.

Recommendation: It is recommended that the Company affirm or deny claims within 30 days as required by 18 *Del. Admin. C.* § 902 – 1.2.1.5.

4 Exceptions - 18 *Del. Admin. C.* § 1310 - 6.1.3 Processing of Clean Claim.

Aetna Life failed to notify the provider or policyholder in writing of why the claims will not be paid within 30 days.

Recommendation: It is recommended that the Company notify the provider or policyholder in writing of why the claims will not be paid within 30 days as required by 18 *Del. Admin. C.* § 1310 - 6.1.3.

H. Trad Chiropractor Paid Claims:

Aetna Life was requested to provide a listing of all chiropractor claims that were paid during the examination period of January 1, 2016 through April 30, 2018. The Company provided a list of 4,669 Trad Chiropractor claims that were paid during the examination period. A random sample of 108 was selected for review.

There were no exceptions noted.

I. Trad Chiropractor Denied Claims:

Aetna Life was requested to provide a listing of all chiropractor claims that were denied during the examination period of January 1, 2016, through April 30, 2018. The Company provided a list of 476 Trad Chiropractor claims that were denied during the period. A random sample of 82 claims was selected for review.

There were no exceptions noted.

J. PPO Chiropractor Paid Claims:

Aetna Life was requested to provide a listing of all chiropractor claims that were paid during the examination period of January 1, 2016, through April 30, 2018. The Company provided a list of 4,394 PPO Chiropractor claims that were paid during the examination period. A random sample of 108 claims was selected for review.

There were no exceptions noted.

K. PPO Chiropractor Denied Claims:

Aetna Life was requested to provide a listing of all chiropractor claims that were denied during the examination period of January 1, 2016 through April 30, 2018. The Company provided a list of 987 PPO Chiropractor Claims that were denied during the examination period. A random sample of 82 was selected for review.

The following exception was noted:

1 Exception - 18 *Del. C.* § 2304(16)(n) Unfair claim settlement practices.

Aetna Life did not provide an explanation to the insured for the denial of the claim.

Recommendation: It is recommended that the Company provide an explanation for a denial of a claim to the insured as required by 18 *Del. C.* § 2304(16)(n).

CONCLUSION

As stated in the Scope of Examination section, the purpose of the examination was to determine compliance by the Aetna Life with Delaware insurance laws and regulations related to the healthcare lines.

The recommendations made below identify corrective measures the Department finds necessary as a result of the exceptions noted in the Report. Location in the Report is referenced in parenthesis.

1. It is recommended that the Company provide an explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement as required by 18 *Del. C.* § 2304(16)(n). (Overpayments)(Claims).

2. It is recommended that the Company effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear as required by 18 *Del. C.* § 2304(16)(f). (Overpayments).

3. It is recommended that the Company responds to regulatory inquires within 21 calendar days as required by 18 *Del. C*. § 2304(26). (Complaint Handling).

4. It is recommended that the Company provide written acknowledgement of grievances including the name, address and telephone number of the individual or department designated by the carrier to respond to the grievance within 5 business days of receipt as required by *18 Del. C.* §332(c)(4). (Complaint Handling) (Grievances and Appeals).

5. It is recommended that the Company provide written notices of grievance dispositions which should inform the insured of the mediation services of by the Department of Insurance as required by 18 *Del. C.* §332(c)(7). (Complaint Handling).

6. It is recommended that the Company transmit the appeals electronically to the Department within three business days as required by 18 *Del. Admin. C.* § 1301-5.2. (Grievances and Appeals).

7. It is recommended that the Company provide a determination of the claim within 15 days following receipt of additional requested information as required by 18 *Del. Admin. C.* §1310 - 6.2. (Claims).

8. It is recommended that the Company accurately represent policy provisions and to act promptly upon initial communication with respect to claims as required by 18 *Del. C.* § 2304(16)(a)(b). (Claims).

9. It is recommended that the Company affirm or deny claims within 30 days as required by 18 *Del. Admin. C.* § 902 – 1.2.1.5. (Claims).

10. It is recommended that the Company acknowledge claims within 15 working days as required by 18 *Del. Admin. C.* § 902 – 1.2.1.2. (Claims).

11. It is recommended that the Company implement prompt investigation of claims within 10 working days as required by 18 *Del. Admin. C.* § 902 – 1.2.1.3. (Claims).

12. It is recommended that the Company pay claims within 30 days as required by 18 *Del. Admin. C.* §1310 - 6.1.1. (Claims).

13. It is recommended that the Company notify the provider or policyholder in writing of why the claim will not be paid within 30 days as required by 18 *Del. Admin. C.* §1310 - 6.1.3. (Claims).

The examination conducted by Joseph Krug, Jason Nemes, Jack Rucidlo, and Gwen Douglas is respectfully submitted.

Jason Nemes, CIE, MCM
Examiner-in-Charge
Market Conduct
Delaware Department of Insurance