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Arizona Department of Insurance Orders Aetna to Correct Violations and Pay \$256,500 Penalties

Insurance Director, Christina Urias, announced the results of the Arizona Department of Insurance (ADOI) market conduct examinations of Aetna Life Insurance Company and Aetna Health, Inc., which exposed multiple violations of Arizona insurance laws. ADOI ordered the companies to pay civil penalties of \$57,250 and \$199,250, respectively, and implement corrective action plans to address the violations.

These two companies are among the top 5 largest health insurers in Arizona and cover over 300,000 Arizonans. Also, Aetna Life Insurance Company is a prominent player in the individual health insurance market and has nearly doubled its policyholders in Arizona since 2006.

ADOI conducted market conduct examinations of the companies' practices related to policyholders' appeals, emergency claims, timely payment of health care provider claims and grievances between July 2004 and June 30, 2006. ADOI found that the companies collectively violated significant state laws governing these important areas of health insurance operations by:

- Failure to provide policyholders with information about their rights on appeals of medical claims or services denials;
- Failure to acknowledge receipt of policyholder appeals;
- Failure to notifying policyholders about appeal decisions/outcomes; in some appeals involving the denial of services for potentially life threatening conditions, Aetna failed to inform policyholders of their decision within the required, expedited time frames;
- Failure to advise policyholders about the criteria and reason for the company's appeal decision on their claims;
- Denying health care provider payments without requesting additional information that could prove the claim valid;
- Not having an effective system for resolving health care provider payment disputes and grievances;
- Failure to pay the required interest to health care providers on delayed claims payments;
- Delaying accurate payment of health care provider claims without reasonable justification;
- Failure to obtain proper credentials for freestanding urgent care providers;
- Inappropriate payment of out-of-network rates for eligible emergency claims.

"Aetna's illegal practices directly affect their policyholders and health care providers," said Director Urias. "These agreements with Aetna should remind all health care insurers that they must play by the rules. When insurance companies fail to follow the law in fairly and expeditiously adjusting medical claims, everyone suffers. I am pleased that Aetna has taken responsibility for its actions and will implement appropriate procedures and practices."

Both Aetna companies have adopted corrective action programs to modify their operations in the areas identified and ADOI will closely monitor their progress and compliance.

Director Urias noted that all civil penalties ADOI imposes go to the State General Fund. "The funding we receive from the Legislature is important for maintaining our health insurance examination programs, providing a high level of scrutiny over the health insurance industry for the protection of Arizona consumers."

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