



STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, N.Y. 10004

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In the Matter of

AETNA HEALTH, INC.,

STIPULATION
No. 2009-0377-S

Respondent.

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WHEREAS, Respondent Aetna Health, Inc. is a domestic health maintenance organization ("HMO") authorized pursuant to Article 44 of the New York Public Health Law; and

WHEREAS, an investigation of Respondent conducted by the New York State Insurance Department ("Department") has revealed certain violations of the Insurance Law and/or Department Regulations; and

WHEREAS, Respondent has been advised and is aware of its statutory right to notice and a hearing on any such violations; and

WHEREAS, Respondent wishes to resolve said violations by entering into a Stipulation with the Department on the terms and conditions hereinafter set forth in lieu of proceeding with a formal hearing on the matter; **NOW THEREFORE**,

IT IS HEREBY STIPULATED AND AGREED by and between Respondent and the Department, subject to the approval of the Superintendent of Insurance, as follows:

1. Respondent waives its right to further notice and a hearing in this matter and admits that during the time periods indicated it violated the following provisions of the New York Insurance Law ("Insurance Law") and/or Department Regulations in connection with its Healthy New York Program:

- (a) During 2007, Section 4308(g)(2) of the Insurance Law, by failing to provide accurate rate increase notices to approximately 946 members renewing in January and February 2007;
- (b) During the approximate period April, 2007 through January, 2009, Section 362-4.2 (h) of Department Regulation No. 171

[11 NYCRR 362-4.2 (h)], by failing to provide approximately 1,460 individuals with a notice of conversion rights;

- (c) During the approximate period September, 2007 through January, 2009, Sections 4305(d)(3)(A) and 4305(d)(3)(C) of the Insurance Law, by failing to provide each member in an insured group, either directly or through the group contract holder, written notice of conversion rights;
- (d) During the approximate period May, 2007 through August, 2008, Section 362-2.3(f) of Department Regulation No. 171 [11 NYCRR 362-2.3(f)] and Section 4326(o) of the Insurance Law, by failing to report monthly enrollment figures for its Healthy New York Program by the 15th of every month;
- (e) Section 308 of the Insurance Law, by failing to timely respond to a Department letter dated March 6, 2008 requesting enrollment data; and
- (f) During the approximate period April, 2007 through January, 2009, Respondent failed to promptly refund premiums to 254 policyholders who had mistakenly paid premiums after their policies were terminated.

2. Respondent states in mitigation that the above violations were not the result of any attempt on its part to evade the requirements of the Insurance Law.

3. In consequence of the foregoing, and in lieu of any other disciplinary action that could be taken by the Department as a result thereof, Respondent consents to the imposition of a civil penalty in sum of Seven Hundred Fifty Thousand Dollars (\$750,000.00), receipt of which is hereby acknowledged.

4. In addition to the corrective steps Respondent has already taken to improve its handling of the Healthy New York Program, Respondent shall:

(a) review its compliance procedures and develop and implement internal controls and management oversight changes in order to ensure full compliance with all provisions of the Insurance Law and Department Regulations it was found to have violated as described herein;

(b) ensure that all terminated individuals and group members receive proper notice of conversion rights; and

(c) within thirty days of the date of approval of this Stipulation, submit to the Department a report detailing all actions that have been taken pursuant to this paragraph, including when refunds or credits and applicable interest to all members under paragraph 1(a) and 1(f) above were issued.

5. Respondent agrees to take all additional steps necessary to prevent the recurrence of similar violations in the future.

6. Respondent acknowledges that this Stipulation and any admissions herein contained may be used against it in any future proceeding if there is reason to believe the terms of the Stipulation have been violated by Respondent, or if the Department institutes disciplinary action against Respondent for any reason other than the acts considered herein.

Dated: New York, NY
Nov. 25 2010

NEW YORK STATE INSURANCE DEPARTMENT

By: _____
Beth Cohen
Associate Attorney

AETNA HEALTH, INC.

By: _____
Name: Steven G. Logan
Title: General Manager

STATE OF NEW YORK)
)ss.:
COUNTY OF Kings)

On the 19 day of January 2010, before me personally came Steven G. Logan, to me known, who, being duly sworn, did depose and say that he/she resides at 100 Park Ave., NYC; that he/she is the General Manager of Aetna Health, Inc., the company described in and which executed the foregoing instrument; and he/she signed his/her name thereto by order of the board of directors of the company.

Notary Public

PHYLLIS A. MADDALONI
Notary Public, State of New York
No. 24-4908430
Qualified in Kings County
Commission Expires 10/20/13

THE FOREGOING STIPULATION IS HEREBY APPROVED.

Dated: New York, New York
Jan 25, 2010

JAMES J. WRYNN
Superintendent of Insurance

By. *[Signature]*
Robert H. Easton
Deputy Superintendent & General Counsel