

# **FINANCIAL SERVICES COMMISSION**

**FLORIDA OFFICE OF INSURANCE REGULATION  
MARKET INVESTIGATIONS**

**MARKET CONDUCT FINAL EXAMINATION REPORT**

**OF**

**AETNA LIFE INSURANCE COMPANY**

**AS OF**

**December 1, 2005**

**NAIC COMPANY CODE: 60054  
NAIC GROUP CODE: 0001**

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## **PURPOSE AND SCOPE OF EXAMINATION**

Under authorization of the Financial Services Commission, Florida Office of Insurance Regulation (Office), Market Investigations, pursuant to Section 636.206, Florida Statutes, a market conduct examination of Aetna Life Insurance Company (Company) was performed. The scope of this examination was April 1, 2005 through September 23, 2005. The examination began November 29, 2005 and ended December 1, 2005.

The purpose of this examination was to review the Company's compliance with Chapter 636, Part II, Florida Statutes as effective on April 1, 2005. Chapter 636, Part II, Florida Statutes regulates discount medical plan organizations. A discount medical plan organization is an entity which, in exchange for fees, dues, charges, or other consideration, provides access for plan members to providers of medical services and the right to receive medical services from those providers at a discount.

The Company's records were examined at its offices located at 151 Farmington Avenue, Hartford, CT 06156.

This Final Report is based upon information from the examiner's draft report, additional research conducted by the Office, and additional information and comments provided by the Company in response to the draft report. Procedures and conduct of the examination were in accordance with the Market Conduct Examiner's Handbook produced by the National Association of Insurance Commissioners.

## **DESCRIPTION OF COMPANY**

This foreign company was licensed as a Life and Health insurer in Florida effective August 1, 1916. The Company was later licensed as a Discount Medical Plan Organization in Florida effective March 2, 2005, offering a dental discount medical plan called the Vital Savings Plan. Vital Savings Plan enrollees also have access to discounted vision services, fitness services and alternative health care services at no additional charge.

## **PROVIDER NETWORK**

The Company uses its own network of providers which it contracts with directly. The Aetna Dental Access network, which is a subset of Aetna's Dental PPO network, services the Vital Savings discount plan program.

Current lists of providers participating in the Vital Savings Plan network are available through DocFind, a searchable, online provider directory. This directory is updated three times a week on the Aetna and Vital Savings websites. Participating Vital Savings dentists are capable of submitting changes to their directory information electronically through the website. The list of providers on the website is up-to-date as required by Section 636.226, Florida Statutes.

## **PROVIDER AGREEMENT REVIEW**

Twenty provider agreements, (10 general dentists and 10 specialists) were reviewed to ensure they contained the provisions required by Section 636.214, Florida Statutes. The list of services and products to be provided at a discount, and the fee schedule which reflects the provider's discounted rates, were attached to the agreements as required by Section 636.214(2)(a) and (b), Florida Statutes.

## **MEMBERSHIP REVIEW**

A random sample of 50 active membership files for individual and group members enrolled on or after April 1, 2005 were reviewed. The individual membership files included call logs, subscriber history and payment history.

The group membership files included a Group Access Agreement Contract between the Company and the employer. However, of the group membership files reviewed, none of these agreements were signed. The Company identified this oversight prior to the on-site examination and had begun implementing a review and corrective action process to collect all outstanding contracts and to ensure that all new contracts are properly executed.

**Corrective Action:** The Company should ensure that all Group Access Agreement Contracts between the Company and the employer are properly executed.

### **Enrollment Procedures**

Careington International Corporation (Careington), a contracted administrator, enrolls and administers the program for individual members and direct billed employees of groups between 2 and 50 lives. Careington is responsible for all enrollment activities, billing and customer service for these members. Individual members enroll via the internet either directly or by downloading the enrollment forms and submitting them to the Company through the mail.

The Company enrolls and administers the program for all group billed members. Groups are defined as consisting of 51 or more lives. The Company is responsible for enrollment, billing and customer service of all group members.

### **Memberships prior to April 1, 2005**

Members enrolled prior to April 1, 2005 were not provided enrollment forms, written agreements and fulfillment materials that were filed and approved by the Office.

**Corrective Action:** The Company should provide members enrolled prior to April 1, 2005 approved enrollment forms, written agreements and fulfillment materials upon renewal.

## **FORMS / CHARGES REVIEW**

The Office approved application forms, enrollment materials and group member access agreement forms on June 17, 2005. The Company began using the approved forms on July 8, 2005. The Company enrolled 140 members between April 1, 2005 and July 8, 2005 with forms and fulfillment materials that had not been approved by the Office as required in Section 636.216(3), Florida Statutes.

The Company is using a Participant Terms and Conditions form on its website that is not the same form that was filed with and approved by the Office. The Company failed to use the forms that were filed with and approved by the Office as required in Section 636.216(3), Florida Statutes.

The Company is using the fees and periodic charges filed with the Office.

**Corrective Action:** The Company should only use forms that have been filed with and approved by the Office.

## **CANCELLATION REVIEW**

The Company reported 14 membership cancellations within 30 days of the effective date for members who enrolled on or after April 1, 2005. Of the 14 cancellations, 7 members received a refund of their periodic charges as required by Section 636.208(2), Florida Statutes. Six memberships were cancelled either because the credit card company declined the initial payment or the member had insufficient funds to cover the cost of the initial payment. One membership was cancelled during the 30-day period and was not issued a refund for the \$6 periodic charge collected by the Company. During the on-site examination, the Company stated that the \$6.00 refund to the member will be issued. The Company failed to reimburse all periodic fees charged to a member who cancelled their membership within the first 30 days of the enrollment date, as required by Section 636.208(2), Florida Statutes.

The Company reported 14 membership cancellations after 30 days of the effective date for members who enrolled on or after April 1, 2005. A review of the cancellation files for these members revealed no violations.

**Corrective Action:** The Company should ensure that all members who cancel their membership within the first 30 days of the effective date receive a full refund of all periodic charges.

## **Enrollment Effective Date & Annual Membership Cancellation Requests**

The Company advised it offers enrollment effective date options to its individual members. When a member enrolls in the Vital Savings Plan via the website, the member may select an effective date of either: (a) the first of the current month; or, (b) the first of the next month. The Company has implemented a 30 day refund policy where the member receives the refund for any cancellation request based on the later of: (a) the actual application date; or, (b) the effective date (based on whichever effective date the member selected).

The Company provided additional cancellation procedures for annual members. Annual members who initiate cancellations after 30 days are allowed a refund on a pro rata basis.

## **COMPLAINT / GRIEVANCE REVIEW**

The Company has recorded 1 consumer complaint related to its discount medical plan since licensure. There are no complaints reported to the Florida Department of Financial Services, Division of Consumer Services, or the Office related to this discount medical plan.

Policies and procedures are in place to facilitate the resolution of member grievances and complaints as required by Section 636.205(1)(d), Florida Statutes.

## **WEB SITE REVIEW**

As a condition for licensure, a discount medical plan is to establish an internet website page on which it is to maintain an up-to-date list of the names and addresses of its providers in order to comply with Section 636.226, Florida Statutes. The Company maintains 2 websites that are made available for public viewing.

- [www.aetna.com](http://www.aetna.com) – Is the Company's home site with general information about the Company and its various products and services. The site contains a link to the following site.
- [www.vitalsavings.com](http://www.vitalsavings.com) – Is the site specific to the discount medical plan offered to consumers. Consumers can view basic information regarding this plan, search for providers and enroll in the Company's discount plan.

The required disclosures on the first page of the website (<http://www.vitalsavings.com/>) are not in 12-point type as required by Section 636.212, Florida Statutes.

**Corrective Action:** The Company should ensure that all disclosures are printed in not less than 12-point type.

## **ADVERTISING REVIEW**

The Company's advertising file was reviewed. Two advertisements produced by the Company were not reviewed. These advertisements are no longer being used in Florida.

One advertisement was provided by the Company during the on-site examination that was omitted from the original advertising report. This advertisement is identified as "We want you to know". The advertisement uses the terms "health", "dental", "pharmacy", "disability", "long-term care" and "life" in a manner that could reasonably mislead a person into believing the discount medical plan was health insurance as stated in Section 636.210(1)(b), Florida Statutes. The advertisement does not disclose that the plan provides discounts at certain health care providers for medical services, that the plan does not make payments directly to the providers of medical services, that the plan member is obligated to pay for all health care services but will receive a discount, nor does the advertisement disclose the name and address of the discount medical plan organization as required by Section 636.212(2), (3), (4) and (5), Florida Statutes. The disclosure that the plan is not insurance is not printed in 12-point type as required by Section 636.212, Florida Statutes.

The Company provided phone scripts used by Aetna and Careington call center employees when soliciting members over the phone. The phone scripts use the term "PPO" in describing the plan, which is a prohibited activity as stated in Section 636.210(1)(b), Florida Statutes.

**Corrective Action:** The Company should ensure that all advertisements contain the required disclosures. The Company should ensure that all advertisements and marketing materials do not contain prohibited language that might mislead a consumer.

## **EXAMINATION FINAL REPORT**

The Office hereby issues this report as the Final Report, based upon information from the examiner's draft report, additional research conducted by the Office, and additional information and comments provided by the Company in response to the draft report.