

## Aetna pays \$750,000 fine for errors in Healthy NY oversight

By Keith L. Martin

POSTED: FEBRUARY 5, 2010

A series of consumer complaints resulted in a \$750,000 fine against Aetna for violating New York insurance law in its administration of the Healthy NY program over a 21-month period.

Aetna Health Inc., a health maintenance organization (HMO), paid the fine as part of a settlement with the New York State Insurance Department, over the state-subsidized program that assists small business owners in providing coverage to employees and their families. Sole proprietors and workers without employer-sponsored plans can also purchase coverage directly through Healthy NY.

According to the NYSID, Aetna's violations included failure to provide adequate written notice of premium increases, failure to provide terminated members with notice of conversion rights, failure to report important enrollment data, and failure to timely and adequately respond to the department's request for enrollment data.

Regulators said Aetna has implemented changes in management and oversight of the HMO's participation in the Healthy NY program and agreed to take additional steps to remedy past problems and future recurrences.

Aetna Health offers the Healthy New York program in 13 counties comprising the Greater New York City metropolitan area and in Broome, Cayuga, Onondaga, Oswego and Tioga counties.

NYSID Superintendent James J. Wrynn called Healthy NY "a vital program," providing coverage for more than 500,000 state residents and warranting close monitoring by his department.

### Regulator 'encouraged' by insurer's response

"While the monetary penalty is reflective of the serious nature of Aetna's practices, I am encouraged by the company's level of commitment to addressing the department's findings and improving the company's performance going forward," he said in a statement.

Susan G. Millerick, an Aetna spokesperson, told IFAwebnews.com that the insurer worked cooperatively with regulators to review its Healthy NY operations.

"The mistakes that were found relate back to the time period between April 2007 and January 2009, and have since been fixed," Millerick said. "Some of the issues were found and corrected by us prior to the review itself. We have implemented a monitoring program to be sure the business continues to run smoothly."

Among the result of the department's monitoring and a series of consumer complaints, it was discovered that Aetna violated the state's "file and use" provision of insurance law, allowing insurers to increase rates without NYSID approval, but must provide a full 30 days of notice. Aetna failed to do that with about 946 members in 2007, according to regulators.

Other violations include failure to provide notice to about 1,406 terminated individuals of their rights to convert to another policy, failure to report periodic enrollment data from May 2007 through August 2008 and failure to respond to a department request for enrollment data in March 2008, according to the NYSID.



James J. Wrynn

**Filed in:** Health Insurance News, National, New York

**Tagged:** Aetna, cancelled policy, enrollment, file and use, fines, Healthy NY, HMO, James J. Wrynn, NYID, premiums, regulation, settlements, Susan Millerick