

STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 9, 2005

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2004-00365

AETNA HEALTH, INC.,

Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance, it is alleged that Defendant, duly licensed by the Commission to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, has violated §§ 38.2-316 A, 38.2-316 B, 38.2-316 C, subsection 1 of § 38.2-502, 38.2-503, 38.2-510 A 5, 38.2-510 A 10, 38.2-510 A 14, 38.2-510 A 15, 38.2-1318 C, 38.2-1812 A, 38.2-1833 A 1, 38.2-3407.4, 38.2-3407.14, 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 C, 38.2-3431 C 3, 38.2-3431 C 6, 38.2-4306 A 2, 38.2-4306.1, 38.2-4306 B 1, 38.2-4312 A, 38.2-5804 A, 38.2-5805 B, 38.2-5805 C, 38.2-5805 C 1, and 38.2-5805 C 8 of the Code of Virginia, as well as 14 VAC 5-90-50 B, 14 VAC 5-90-170 A, 14 VAC 5-210-70 C, 14 VAC 5-210-110 A, 14 VAC 5-210-110 B, 14 VAC 5-215-20 B, and 14 VAC 5-215-50 I.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-4316 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations.

Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the

Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of one hundred sixty-five thousand dollars (\$165,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of Defendant, and the recommendation of the Bureau of Insurance, is of the opinion that Defendant's offer should be accepted.

IT IS THEREFORE ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from the conduct described in the market conduct examination which constitutes a violation of §§ 38.2-316 A, 38.2-316 B, 38.2-316 C, subsection 1 of § 38.2-502, 38.2-503, 38.2-510 A 5, 38.2-510 A 10, 38.2-510 A 14, 38.2-510 A 15, 38.2-1318 C, 38.2-1812 A, 38.2-1833 A 1, 38.2-3407.4, 38.2-3407.14, 38.2-3407.15 B 1, 38.2-3407.15 B 2, 38.2-3407.15 B 3, 38.2-3407.15 B 4, 38.2-3407.15 B 5, 38.2-3407.15 B 6, 38.2-3407.15 B 7, 38.2-3407.15 B 8, 38.2-3407.15 B 9, 38.2-3407.15 C, 38.2-3431 C 3, 38.2-3431 C 6, 38.2-4306 A 2, 38.2-4306.1, 38.2-4306 B 1, 38.2-4312 A, 38.2-5804 A, 38.2-5805 B, 38.2-5805 C, 38.2-5805 C 1, or 38.2-5805 C 8 of the Code of Virginia or 14 VAC 5-90-50 B, 14 VAC 5-90-170 A, 14 VAC 5-210-70 C, 14 VAC 5-210-110 A, 14 VAC 5-210-110 B, 14 VAC 5-215-20 B or 14 VAC 5-215-50 I; and

(3) The papers herein be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to Martina Sedlak, Compliance Director, Aetna Health Inc., 1302 Concourse Drive, Suite 402, Linthicum, Maryland 21090; and the Bureau of Insurance in care of Deputy Commissioner Jacqueline K. Cunningham.

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ACKNOWLEDGEMENT AND CONSENT

The Defendant, Aetna Health, Inc., acknowledges that it is duly licensed to transact the business of a health maintenance organization in the Commonwealth of Virginia, and as such, falls under the jurisdiction of the State Corporation Commission as to the party and subject matter of the Settlement Order attached.

Defendant further acknowledges an awareness of a right to a hearing before the Commission regarding the above referenced matter, and waives all rights to such hearing.

Without admitting or denying the allegations made in the Settlement Order by the Bureau of Insurance, Defendant consents to the form, substance and entry of the attached Settlement Order. Defendant hereby tenders a check or money order in the sum of \$165,000 in accordance with the terms of the Settlement Order.

Defendant further states that this offer of settlement is given voluntarily, without any threat or promise of any kind by the Commission or by any member, officer, agent or representative of it.

Entered this 24 day of Feb, 2005

Aetna Health, Inc.

By: Thomas C. Strohmenger

THOMAS C. STROHMENGER  
Printed Name

Defendant has amended the attached Settlement Order, and consents to its form, substance and entry of the Order, as amended.

By: Thomas C. Strohmenger

THOMAS C. STROHMENGER  
Printed Name