

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the)
Commissioner of Banking)
and Insurance to Fine)
Aetna Life Insurance)
Company and Aetna Health)
Inc.)

**CONSENT
ORDER**

TO: Aetna Life Insurance Company
151 Farmington Ave. RT21
Hartford, CT 06156

Aetna Health Inc.
1425 Union Meeting Rd. U23S
Blue Bell, PA 19422

This matter having been opened by the Commissioner of the Department of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Aetna Life Insurance Company and Aetna Health Inc., may have violated provisions of the laws of the State of New Jersey; and

WHEREAS, Aetna Health Inc. is a health maintenance organization authorized to transact business in New Jersey pursuant to N.J.S.A. 26:2J-3 since March 1, 1983; and

WHEREAS, Aetna Life Insurance Company is a foreign insurance company authorized to transact business in New Jersey

pursuant to N.J.S.A. 17B:23-1 to -11 since December 31, 1897;
and

WHEREAS, N.J.S.A. 17B:27A-23 provides that a carrier may cease doing business in the small employer market by providing notice to the Commissioner not later than eight months prior to the date of the planned withdrawal from the small employer market and that any carrier that ceases to do business shall be prohibited from writing new business in the small employer and individual health benefits plan markets for a period of five years from the date of termination of the last health insurance coverage not so renewed; and

WHEREAS, N.J.A.C. 11:21-16.3(b) provides that any small employer carrier which seeks to withdraw from the small employer market shall provide the Commissioner with written notice of its intent to withdraw not later than eight months prior to the nonrenewal on the anniversary date of each in force policy or contract and that a withdrawing carrier shall cease issuing new policies no more than two months after filing a notice of intent to withdraw with the Commissioner; and

WHEREAS, N.J.A.C. 11:21-16.6 provides that failure to comply with the requirement of N.J.A.C. 11:21-16.1 to -16.7 shall result in the imposition of penalties pursuant to N.J.S.A. 17B:27A-43 and any and all other penalties provided by law; and

WHEREAS, N.J.S.A. 17B:27A-43 provides that a carrier that violates N.J.S.A. 17B:27A-1 to -56 shall be liable to a penalty of not less than \$2,000 and not greater than \$5,000 for each violation; and

WHEREAS, Aetna Life Insurance Company submitted notice of its intent to withdraw from the individual health coverage market on May 1, 2017; and

WHEREAS, Aetna Life Insurance Company and Aetna Health Inc. provided the Commissioner with notice of their intent to withdraw from the small employer market on May 1, 2017; and

WHEREAS, the notice of the intent to withdraw from the small employer market stated that Aetna Life Insurance Company and Aetna Health Inc. would commence nonrenewing small employer plans as of January 1, 2018 and would cease selling new business in the small employer market as of June 30, 2017; and

WHEREAS, Aetna Life Insurance Company and Aetna Health Inc. issued 335 new small employer plans to existing small employer customers on their renewal dates between July 1 and December 31, 2017; and

WHEREAS, Aetna Life Insurance Company and Aetna Health Inc. advised the Department that proper notification of withdrawal and termination of coverage was sent to all existing small employer customers pursuant to N.J.A.C. 11:21-16.3 and in no

case was coverage extended beyond the original termination date;
and

WHEREAS, Aetna Life Insurance Company and Aetna Health Inc. assert that their issuance of new small employer plans to existing small employer customers on their renewal dates between July 1 and December 31, 2017 was not an intentional violation;
and

NOW, THEREFORE, IT IS on the *28* day of *June*,
2018

ORDERED AND AGREED that, Aetna Life Insurance Company and Aetna Health Inc. shall pay a fine in the amount of three hundred fifty thousand dollars (\$350,000.00) to the Department;
and

IT IS FURTHER ORDERED AND AGREED that said fine shall be paid by certified check, cashier's check or wire transfer payable to "State of New Jersey - General Treasury" upon the execution of this Consent Order by Aetna Life Insurance Company and Aetna Health Inc.; and

IT IS FURTHER ORDERED AND AGREED that Aetna Life Insurance Company and Aetna Health Inc. shall cease and desist from engaging in the conduct that gave rise to this Consent Order and shall hereafter comply in all respects with New Jersey insurance statutes and regulations; and

IT IS FURTHER ORDERED AND AGREED that the provisions of this Consent Order represent a final agency decision and constitute a final resolution of only the violations specified herein.



Marlene Caride

Commissioner of Banking and Insurance

Consented to as to Form, Content,
and Entry:

Aetna Health Inc.
Aetna Life Insurance Company

By: Steven G. Logan
Steven G. Logan