

SERFF Tracking Number: AENX-G126857497 State: Arkansas  
 Filing Company: Aetna Life Insurance Company State Tracking Number: 47036  
 Company Tracking Number: GH AR0305901F01  
 TOI: H06 Health - Conversion Sub-TOI: H06.000 Health - Conversion  
 Product Name: 2009 LAW- 2010 Recognized Amount-Aetna Conversion  
 Project Name/Number: 2009 LAW- 2010 Recognized Amount-Aetna Conversion (Basic & Comp-ALIC)/GH AR0305901F01

## Filing at a Glance

Company: Aetna Life Insurance Company

Product Name: 2009 LAW- 2010 Recognized Amount-Aetna Conversion SERFF Tr Num: AENX-G126857497 State: Arkansas

TOI: H06 Health - Conversion SERFF Status: Closed-Approved-Closed State Tr Num: 47036

Sub-TOI: H06.000 Health - Conversion Co Tr Num: GH AR0305901F01 State Status: Approved-Closed  
 Filing Type: Form Reviewer(s): Rosalind Minor

Author: SPI AetnaSPI Disposition Date: 11/08/2010  
 Date Submitted: 10/12/2010 Disposition Status: Approved-Closed

Implementation Date Requested:

Implementation Date:

State Filing Description:

## General Information

Project Name: 2009 LAW- 2010 Recognized Amount-Aetna Conversion Status of Filing in Domicile: (Basic & Comp-ALIC)

Project Number: GH AR0305901F01

Date Approved in Domicile:

Requested Filing Mode: Review & Approval

Domicile Status Comments:

Explanation for Combination/Other:

Market Type: Group

Submission Type: New Submission

Group Market Size: Small and Large

Overall Rate Impact:

Group Market Type: Employer

Filing Status Changed: 11/08/2010

Explanation for Other Group Market Type:

State Status Changed: 11/08/2010

Deemer Date:

Created By: SPI AetnaSPI

Submitted By: SPI AetnaSPI

Corresponding Filing Tracking Number:

PPACA: Not PPACA-Related

Filing Description:

The policy amendment form includes Aetna's Recognized Charge definition which is added to or replaces the "Reasonable Charge" definition in the policies. The definition will provide Aetna with additional flexibility to structure the plans of benefits in conversion plans to include alternative methods of calculating reimbursement levels for health care coverage based upon the type of charges. Additionally, in the interest of disclosure to policyholders and their dependents, Aetna has enhanced the definition to:

" include greater detail regarding the manner in which each methodology is calculated;

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" clarify the financial impact to insureds; and

" add definitions of each of the data sources for the charge information, which includes information on the entity that creates the date source and the updating process for the data.

## Company and Contact

### Filing Contact Information

John Ciesielski, Product and Regulatory Approvals Manager  
 151 Farmington Avenue  
 Mail Stop RW61  
 Hartford, CT 06156  
 CiesielskiJW@Aetna.com  
 860-279-1282 [Phone]  
 860-952-2069 [FAX]

### Filing Company Information

Aetna Life Insurance Company  
 151 Farmington Avenue  
 Hartford, CT 06156  
 (860) 273-7546 ext. [Phone]  
 CoCode: 60054  
 Group Code: 1  
 Group Name: Aetna  
 FEIN Number: 06-6033492  
 State of Domicile: Connecticut  
 Company Type:  
 State ID Number:

## Filing Fees

Fee Required? Yes  
 Fee Amount: \$50.00  
 Retaliatory? No  
 Fee Explanation:  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Aetna Life Insurance Company	\$50.00	10/12/2010	40626673

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	11/08/2010	11/08/2010

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## **Disposition**

Disposition Date: 11/08/2010

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

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<b>Schedule</b>	<b>Schedule Item</b>	<b>Schedule Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Flesch Certification	Approved-Closed	Yes
<b>Supporting Document</b>	Application	Approved-Closed	Yes
<b>Supporting Document</b>	Health - Actuarial Justification	Approved-Closed	Yes
<b>Supporting Document</b>	Outline of Coverage	Approved-Closed	Yes
<b>Supporting Document</b>	PPACA Uniform Compliance Summary	Approved-Closed	Yes
<b>Supporting Document</b>	Aetna Conversion RC CovLtr	Approved-Closed	Yes
<b>Supporting Document</b>	E0V GR-96653	Approved-Closed	Yes
<b>Form</b>	Aetna RC Conversion Policy Amendment	Approved-Closed	Yes

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## Form Schedule

### Lead Form Number:

Schedule Item	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
Approved- Closed 11/08/2010	GR-96653 01	Policy/Cont ract/Fratern al	Aetna RC Conversion Policy Amendment	Initial		51.000	AL GE AGR0009665 3 V001.PDF
		Certificate: Amendmen t, Insert Page, Endorseme nt or Rider					

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# Aetna Life Insurance Company

Hartford, Connecticut 06156

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**Amendment**

**[Policyholder:** John Doe]

**Policy No.:** [123456]

**Effective Date:** [This Policy Amendment is effective on the later of:  
[July 1, 20XX]; or  
The date you become covered under the Policy.]

[The policy as specified above has been amended. This amendment is effective on the dates shown above.]

This amendment changes the Policy as follows:

- [1. The definition of “**Reasonable Charge**”, appearing in the [Glossary] section of your Policy is hereby deleted. All references to “**Reasonable Charge**” in your Policy, if any, are replaced by “**Recognized Charge**”.]
- [2. The following definition entitled “**Recognized Charge**” is added to the [Glossary] section of your Policy:]

**[Recognized Charge**

Only the part of a charge which is the **recognized charge** is covered.

As to medical expenses, the **recognized charge** for each service or supply is the lesser of:

- What the provider bills or submits for that service or supply; and
- [for professional services and other services or supplies not mentioned below:
  - [100% - 400% of the Medicare Allowable Rate;]
  - [the 50<sup>th</sup>-100<sup>th</sup> percentile of the Prevailing Charge Rate;]for the Geographic Area where the service is furnished.]

- 
- [for inpatient charges of hospitals and other facilities:
    - [100% - 400% of the Medicare Allowable Rate;]for the Geographic Area where the service is furnished.]
  - [for outpatient charges of hospitals and other facilities:
    - [100% - 400% of the Medicare Allowable Rate;]for the Geographic Area where the service is furnished.]

[If **Aetna** has an agreement with a provider (directly or through a third party) which sets the rate that **Aetna** will pay for a service or supply, then the **recognized charge** is the rate established in such agreement.]

**Aetna** may also reduce the **recognized charge** by applying **Aetna** Reimbursement Policies. **Aetna** Reimbursement Policies address the appropriate billing of services, taking into account factors that are relevant to the cost of the service such as:

- the duration and complexity of a service;
- whether multiple procedures are billed at the same time, but no additional overhead is required;
- whether an assistant surgeon is involved and necessary for the service;
- if follow up care is included;
- whether there are any other characteristics that may modify or make a particular service unique; and
- when a charge includes more than one claim line, whether any services described by a claim line are part of or incidental to the primary service provided.

**Aetna** Reimbursement Policies are based on **Aetna's** review of: the policies developed for Medicare; the generally accepted standards of medical and dental practice, which are based on credible scientific evidence published in peer-reviewed literature generally recognized by the relevant medical or dental community or which is otherwise consistent with physician or dental specialty society recommendations; and the views of physicians and dentists practicing in the relevant clinical areas. **Aetna** uses a commercial software package to administer some of these policies.

As used above, Geographic Area, [Medicare Allowable Rates and Prevailing Charge Rates are] defined as follows:

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Geographic Area: This means an expense area grouping defined by the first three digits of the U.S. Postal Service zip codes. If the volume of charges in a single three digit zip code is sufficient to produce a statistically valid sample, an expense area is made up of a single three digit zip code. If the volume of charges is not sufficient to produce a statistically valid sample, two or more three digit zip codes are grouped to produce a statistically valid sample. When it is necessary to group three digit zip codes, the grouping never crosses state lines.

[Medicare Allowable Rates: Except as specified below, these are the rates established and periodically updated by The Centers for Medicare and Medicaid Services (CMS) for payment for services and supplies provided to Medicare enrollees. **Aetna** updates its systems with these revised rates within [90-180 days] of receiving them from CMS. If Medicare does not have a rate for a particular service, the rate will be based on the same method that CMS uses to set Medicare rates.

[Exceptions:

1. For inpatient services, the Medicare Allowable Rate excludes amounts CMS allocates for Operating Indirect Medical Education (IME) and Direct Graduate Medical Education (DGME) or for other payments which CMS may make directly to hospitals.
2. For professional behavioral health services, the allowable rate will be a percentage of the otherwise applicable Medicare Allowable Rate for the following types of providers: physicians – 100%; clinical psychologists – 80%; social workers – 60%.]

[Prevailing Charge Rates: These are rates reported by [Ingenix, a United Health Group subsidiary, in the [Prevailing Health Care Charges System (PHCS) database] [Medical Data Research (MDR) database], which is compiled from information that **Aetna** and other insurers submit to Ingenix.] [FAIR Health, a nonprofit company, in their database.] [[Ingenix] [FAIR Health] reviews and, if necessary, changes these rates periodically. **Aetna** updates its systems with these changes within [90-180 days] after receiving them from [Ingenix] [FAIR Health].]]

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**[Important Note**

**Aetna** periodically updates its systems with changes made to the [Medicare Allowable Rates] [and] [Prevailing Charge Rates].

*What this means to you* is that the **recognized charge** is based on the version of the [schedule rates or table] that is in use by **Aetna** on the date that the service or supply was provided.]

**[Additional Information**

**Aetna's** website [aetna.com] may contain additional information which may help you determine the cost of a service or supply. Log on to **Aetna** Navigator to access the "Estimate the Cost of Care" feature. Within this feature, view our "Cost of Care" and "Member Payment Estimator" tools, or contact our Customer Service Department for assistance.]

This amendment makes no other changes to your Policy.



Ronald A. Williams  
Chairman, Chief Executive Officer and President]

[Amendment: XXXX]

[Issue Date: July 1, 20XX]

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## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Flesch Certification	Approved-Closed	11/08/2010
<b>Comments:</b>		
<b>Attachment:</b>		
AR - READABILITY CERTIFICATION.PDF		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Application	Approved-Closed	11/08/2010
<b>Bypass Reason:</b> not applicable		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Health - Actuarial Justification	Approved-Closed	11/08/2010
<b>Bypass Reason:</b> not applicable		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Outline of Coverage	Approved-Closed	11/08/2010
<b>Bypass Reason:</b> not applicable		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> PPACA Uniform Compliance Summary	Approved-Closed	11/08/2010
<b>Bypass Reason:</b> not applicable		
<b>Comments:</b>		

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		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	Aetna Conversion RC CovLtr	Approved-Closed	11/08/2010
<b>Comments:</b>			
<b>Attachment:</b>			
	AR Aetna Conversion RC CovLtr.PDF		

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	E0V GR-96653	Approved-Closed	11/08/2010
<b>Comments:</b>			
<b>Attachment:</b>			
	AL GE EAGR00096653 V001.PDF		

**STATE OF ARKANSAS**  
**READABILITY CERTIFICATION**

**COMPANY NAME:** Aetna Life Insurance Company

This is to certify that the form(s) referenced below has achieved a Flesch Reading Ease Score as indicated below and complies with the requirements of Ark. Stat. Ann. Section 66-3251 through 66-3258, cited as the Life and Disability Insurance Policy Language Simplification Act.

<b>Form Number</b>	<b>Score</b>
GR-96653 01	51

**Signed:** John W Ciesielski

**Name:** John W Ciesielski

**Title:** Senior Consultant

**Date:** October 12, 2010



**John W. Ciesielski**  
Product & Regulatory  
Approvals  
Law and Regulatory Affairs  
151 Farmington Ave, RW61  
Hartford, CT 06156  
(845) 279-1282  
Fax: (860) 952-2065  
Email:  
Ciesielskijw@aetna.com

October 12, 2010

Insurance Commissioner Jay Bradford  
LIFE AND HEALTH DIVISION  
ARKANSAS INSURANCE DEPARTMENT  
1200 West Third Street  
Little Rock, AR 72201-1904

Subject: **Aetna Life Insurance Company, NAIC No. 001-60054**  
*Accident & Health Insurance Conversion Coverage*  
**Recognized Charge Definition**  
Aetna Conversion Policy Amendment Form: GR-96653, 01

Dear Commissioner Bradford:

The Conversion Policy amendment form listed above is being submitted for your Department's approval on a general use basis. The form is new and does not replace any previously filed form. It is in final form rather than being a draft or proof.

We intend to use the conversion policy amendment form GR-96653, 01, with the following Basic and Comprehensive Medical Conversion Policy Forms:

- GR-30140A (Basic);
- GR-61565 (Basic);
- GR-61565-Rev (Basic);
- GR-30608 (Comp);
- GR-30608-BD (Comp); and
- GR-30608-BD-Rev (Comp).

The policy amendment form includes Aetna's Recognized Charge definition which is added to or replaces the "Reasonable Charge" definition in the policies. The definition will provide Aetna with additional flexibility to structure the plans of benefits in conversion plans to include alternative methods of calculating reimbursement levels for health care coverage based upon the type of charges. Additionally, in the interest of disclosure to policyholders and their dependents, Aetna has enhanced the definition to:

- include greater detail regarding the manner in which each methodology is calculated;
- clarify the financial impact to insureds; and

- add definitions of each of the data sources for the charge information, which includes information on the entity that creates the data source and the updating process for the data.

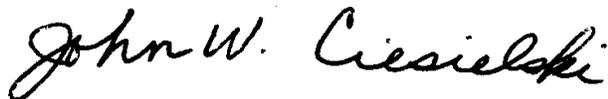
It is important to note the references to "Ingenix" and "United Health Group" within the Prevailing Charge Rate definition. As you may know, these are the names of the company and parent company that currently manage the health care data in the Prevailing Health Care Charges System database and the Medical Data Research database. In 2009 the New York Attorney General announced an intent to enter into an agreement with an academic institution to develop a new database, and also announced the new company, (FAIR Health Inc.), and the members of the research network that will develop the new database. Aetna has agreed that it will use the new database, when it becomes available, for determining "reasonable and customary" or "prevailing" charges. Consistent with that undertaking, at that time Aetna plans to change the names of the companies and the database appearing in this definition. As we have included detailed information regarding this impending change in the Explanation of Variability that applies to the form, it is Aetna's intent that the definition will not be resubmitted to your Department for approval when the actual name changes occur. These name changes will occur not more than 90 days after the new database is operational.

Variability, as indicated by bracketed material on the form, is required so that only the appropriate language may be reflected on the form. Upon issuance of this document, the placement of textual material may vary to avoid gaps that would otherwise be created by the deletion of bracketed material. Provisions may appear in sequence other than that shown. Connective words and phrases, which serve the grammatical purpose of meaningful continuity and do not affect the description of the payment of benefits or other terms or conditions of the group policy, may vary as the sense demands. A detailed Explanation of Variability for the form has been included.

We request approval of the enclosed form and any attachments.

We trust that you will find everything in order, and we look forward to your response. If you have any questions regarding this submission, please do not hesitate to contact me at the above mailing address, telephone number or e-mail address.

Sincerely,



John W Ciesielski  
Senior Consultant  
Product & Regulatory Affairs

Enclosure(s)

**Aetna Life Insurance Company**  
**Conversion Accident & Health Insurance**

**Explanation of Variable Material**  
**Conversion Policy Amendment Form GR-96653, 01**

**General Comments**

1. Variability, as indicated by brackets surrounding variable text, is required so that only the appropriate information will be reflected based upon the plan of benefits.
2. Throughout the form are bracketed amounts (percentages, time periods and percentiles) which are stated in ranges. These ranges reflect Aetna's standard offerings.
3. The appropriate customer information will be inserted (Policyholder Name, Policy Number and Effective Date). The Policyholder Name information may not print upon issue.
4. The bracketed lead-in wording may change to accurately state the manner in which the policy is being amended.
5. The standard language of the benefit or provision may be revised, as needed, to accurately reflect future changes. However, any change made to the language will not result in a departure from the intent and purpose of the provision and will be in full compliance with any applicable state laws and regulations.
6. The placement of the text within the form may vary to avoid gaps that would otherwise be created by the deletion of bracketed text.
7. The page numbers are variable so that they may be omitted or to allow that the placement of material be changed in order to avoid gaps and to allow the contractual documents to be system produced.
8. The heading reference of "Glossary" may be changed to "Definitions" or "Definitions of Certain Terms" or some other heading of similar meaning.
9. Any time periods expressed in "days" may be changed to the equivalent months.
10. The bracketed Aetna designations [State] and [Conversion-Aetna] at the bottom right corner are variable to allow for different descriptions or may be omitted.
11. The name and signature of the Aetna officer at the end of the amendment will change to the most current information.
12. Additional amendment information may appear at the end of the amendment. If included, the applicable Amendment Designation and Issue Date will be inserted.

**Conversion Policy Amendment Form GR-96653, 01**

13. This definition describes the methodology used to calculate the reimbursement levels for services, supplies and charges under a policyholder's plan of benefits.
14. The lead-in wording for each item (ex. 1.) will be revised to accurately reflect the manner in which the policy is being amended.
15. The word "charge" in the title of the definition may be changed to "amount". This change will occur wherever the reference to "Recognized Charge" appears throughout this definition.
16. The definition has been structured to allow Aetna to vary the methodologies in the plans based upon the types of charges.
17. If all health expenses that are subject to the recognized charge under the plan use the same methodology, then the lead-in wording may be changed to:  
*"As to health expenses, the **recognized charge** for each service or supply is the lesser of: etc".*

In this situation, only one of the reimbursement methodology options will print.

**Aetna Life Insurance Company**  
**Conversion Accident & Health Insurance**

**Explanation of Variable Material (continued)**

18. *Professional services and other services or supplies not mentioned below*-This paragraph may be included or combined with the other categories (*inpatient charges of hospitals, etc. and outpatient charges of hospitals, etc.*). Various plan design options are shown, but only one option will print for these types of charges.
19. *Inpatient charges of hospital and other facilities*-This paragraph may be included or combined with the other categories (*professional services, etc. and outpatient charges of hospitals, etc.*).
20. *Outpatient charges of hospital and other facilities*-This paragraph may be included or combined with the other categories (*professional services, etc. and inpatient charges of hospitals, etc.*).
21. The following bracketed paragraph is optional. It addresses a contracted arrangement that may be established by agreement with a provider either directly with Aetna or indirectly with Aetna through a third party vendor. If a provider is subject to this type of contracted arrangement with Aetna, the covered person's benefit payment and reimbursement will be based on the contracted rate. In this situation, the covered person will *not* be balanced billed by the provider for any charges above the contracted rate.
22. *Definitions* – The definitions in this section will be included, as applicable, to describe the methodology(ies) used in a policyholder's plan of benefits.
  - a. Medicare Allowable Rates – The listing of exceptions will appear only when applicable to the policyholder's plan of benefits. The examples provided may be modified to include additional examples of excepted expenses.
  - b. Prevailing Charge Rates –Either the reference to the "Prevailing HealthCare Charges System (PHCS)" or "Medical Data Research" database will print.

**PLEASE NOTE:** The references to "Ingenix" and "United Health Group", within the Prevailing Charge Rate definition, are the names of the company and parent company that currently manage the health care data in the Prevailing Health Care Charges System database and the Medical Data Research database. Earlier this year the New York Attorney General announced his intent to enter into an agreement with an academic institution to develop a new database, and very recently he announced the new company, (FAIR Health Inc.), and the members of the research network that will develop the new database. Aetna has agreed that it will use the new database, when it becomes available, for determining "prevailing charges". Aetna will update the Prevailing Charge Rates definition with this database and entity information once the new database is operational.
23. *Important Note* – This reminder is provided to call out important information for covered persons. It may be modified to add approved language from other areas of the policy. It may be omitted if determined not to be relevant to the plan purchased. The references to the methodologies, schedule, rates and table will print in accordance with the options included in a policyholder's plan.
24. *Additional Information* – When included, the name of the web site, tools within the web site and contact department may be changed.