

SERFF Tracking Number: AENX-126534626 State: Arkansas  
 Filing Company: Aetna Life Insurance Company State Tracking Number: 45127  
 Company Tracking Number: AH AR0253501F01  
 TOI: H16I Individual Health - Major Medical Sub-TOI: H16I.005C Individual - Other  
 Product Name: 2009 Law Department  
 Project Name/Number: 2009 Law Department/AH AR0253501F01

## Filing at a Glance

Company: Aetna Life Insurance Company

Product Name: 2009 Law Department

TOI: H16I Individual Health - Major Medical

Sub-TOI: H16I.005C Individual - Other

Filing Type: Form

SERFF Tr Num: AENX-126534626 State: Arkansas

SERFF Status: Closed-Approved-  
Closed State Tr Num: 45127

Co Tr Num: AH AR0253501F01

State Status: Approved-Closed

Author: SPI AetnaSPI

Reviewer(s): Rosalind Minor

Date Submitted: 03/09/2010

Disposition Date: 03/10/2010

Disposition Status: Approved-  
Closed

Implementation Date Requested:

Implementation Date:

State Filing Description:

## General Information

Project Name: 2009 Law Department

Project Number: AH AR0253501F01

Requested Filing Mode: Review & Approval

Explanation for Combination/Other:

Submission Type: New Submission

Overall Rate Impact:

Filing Status Changed: 03/10/2010

Status of Filing in Domicile:

Date Approved in Domicile:

Domicile Status Comments:

Market Type: Group

Group Market Size: Small and Large

Group Market Type: Employer

Explanation for Other Group Market Type:

State Status Changed: 03/10/2010

Created By: SPI AetnaSPI

Corresponding Filing Tracking Number:

Deemer Date:

Submitted By: SPI AetnaSPI

Filing Description:

The Booklet-Certificate forms include an updated version of Aetna's Recognized Charge definition. This definition has allowed, and will continue to allow, policyholders the option to include in their plan of benefits alternative methods of calculating reimbursement levels for health care coverage based upon the type of coverage, services, supplies and charges. While this definition and the various options described therein are not new to Aetna products, in the interest of disclosure to policyholders and insureds, 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.

<i>SERFF Tracking Number:</i>	<i>AENX-126534626</i>	<i>State:</i>	<i>Arkansas</i>
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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. Earlier this year the New York Attorney General announced an intent to enter into an agreement with an academic institution to develop a new database, and very recently 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 Explanations of Variability that apply to the forms, it is Aetna's intent that the definition will not be submitted 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.

In addition, for your convenience in reviewing this filing, we have included 3 illustrative samples of how the definition will appear in a booklet-certificate form when it is issued to the policyholder and the insureds. While the definition appears complex in the version that we are filing for approval, as the samples show, the definition as it will appear in the booklet-certificate form will be much simpler.

## Company and Contact

### Filing Contact Information

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

### Filing Company Information

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

## Filing Fees

Fee Required?	No
Retaliatory?	No

SERFF Tracking Number: AENX-126534626 State: Arkansas  
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Fee Explanation:  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Aetna Life Insurance Company	\$0.00	03/09/2010	

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	03/10/2010	03/10/2010

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## **Disposition**

Disposition Date: 03/10/2010

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: AENX-126534626 State: Arkansas  
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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Flesch Certification	Approved-Closed	Yes
Supporting Document	Application	Approved-Closed	Yes
Supporting Document	Health - Actuarial Justification	Approved-Closed	Yes
Supporting Document	Outline of Coverage	Approved-Closed	Yes
Supporting Document	RecogCharge GR-9 & GR-9N Cover Ltr, EO EOV GR-9 11396-2 02, EO EOV GR-9N 34-090 05, ALIC Illustrative Sample #1, ALIC Illustrative Sample #2, ALIC Illustrative Sample #3	Approved-Closed	Yes
Form	Recognized Charge Definition	Approved-Closed	Yes
Form	Recognized Charge Definition	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 03/10/2010	GR-9 11396-2 03	Certificate	Recognized Charge Amendmen t, Insert Page, Endorseme nt or Rider	Initial		50.200	GR-9 11396-2 03.PDF
Approved-Closed 03/10/2010	GR-9N 34- 090 06	Certificate	Recognized Charge Amendmen t, Insert Page, Endorseme nt or Rider	Initial		47.300	GR-9N 34- 090 06.PDF

## [Recognized Charge

The **covered expense** is only the part of a charge which is the **recognized charge**.

As to medical, vision and hearing 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;]
  - [100% - 400% of the **Aetna** Out-of-Network Rate (AONR);]
  - [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;]
  - [100% - 400% of the **Aetna** Out-of-Network Rate (AONR);]
  - [100% - 400% of the **Aetna** Facility Fee Schedule;][for the Geographic Area where the service is furnished] [for the state of issuance of the **Aetna** Group Policy].]
- [for outpatient charges of hospitals and other facilities:
  - [100% - 400% of the Medicare Allowable Rate;]
  - [100% - 400% of the **Aetna** Out-of-Network Rate (AONR);]
  - [100% - 400% of the **Aetna** Facility Fee Schedule;][for the Geographic Area where the service is furnished] [for the state of issuance of the **Aetna** Group Policy].]

[As to **prescription drug** 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
- [50% - 200%] of the **Average Wholesale Price (AWP)** or other similar resource. **Average Wholesale Price (AWP)** is the current average wholesale price of a **prescription drug** listed in the [Facts and Comparisons] [Medi-Span] weekly price updates (or any other similar publication chosen by **Aetna**).]

[As to dental expenses, the **recognized charge** for a service or supply is the lesser of:

- What the provider bills or submits for that service or supply; and
- [the 50<sup>th</sup> - 100<sup>th</sup> percentile of the Prevailing Charge Rate;]
- [100% - 400% of the **Aetna** Out-of-Network Rate (AONR);]
- [100% - 400% of the Dental Fee Schedule Rate (DFSR);]  
for the Geographic Area where the service is furnished.]

[A service or supply will be treated as a covered expense under the Other Health Care benefits category when **Aetna** determines that a **network** provider is not available to provide the service or supply. This includes situations in which you are admitted to a **network hospital** and non-**network** physicians, who provide services to you during your **stay**, bill you separately from the **network** hospital. In those instances, the **recognized charge** for the service or supply is the lesser of:

- What the provider bills or submits for the service or supply; and
- [for professional services:
  - [100% - 400% of the Medicare Allowable Rate;]
  - [100% - 400% of the **Aetna** Out-of-Network Rate (AONR);]
  - [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 facility charges:
  - [100% - 400% of the Medicare Allowable Rate;]
  - [100% - 400% of the **Aetna** Out-of-Network Rate (AONR);]
  - [100% - 400% of the **Aetna** Facility Fee Schedule;][for the Geographic Area where the service is furnished] [for the state of issuance of the **Aetna** Group Policy].]]

[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, **Aetna** Out-of-Network Rates (AONR), **Aetna** Facility Fee Schedule, Dental Fee Schedule Rates (DFSR), and Prevailing Charge Rates are] defined as follows:

[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.]

[**Aetna** Out-of-Network Rates (AONR): **Aetna's** standard rates used to begin contract negotiations with providers who participate in our network. There are separate AONR standard rates for each Geographic Area. The **recognized charge** is based on the AONR standard rates for the Geographic Area in which the covered person receives the service or supply. For Geographic Areas in which **Aetna** does not maintain these standard rates, AONR shall equal [100%-400%] of the Medicare Allowable Rates.]

[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].]

[**Aetna** Facility Fee Schedule: The schedule of rates developed by **Aetna** using **Aetna** data or experience for out-of-network facility services and supplies [provided in the Geographic Area in which you receive the service or supply]. **Aetna** reviews and, if necessary, adjusts this schedule periodically [for the state of issuance of the **Aetna** Group Policy]. This schedule is the same for all facilities within the state. It is based on state-wide data reflecting payments made by **Aetna**. The schedule is adjusted from time to time in **Aetna's** discretion.]

[Dental Fee Schedule Rates (DFSR): The schedule of rates developed by **Aetna** using **Aetna** data or experience for out of network dental services and supplies provided in the geographic area in which the covered person receives the service or supply. For purposes of this definition “geographic area” means an expense area grouping defined as either:

- the first three digits of the U.S. Postal Service zip codes; or
- a geographic area with similar demographic data or experience.

**Aetna** reviews and, if necessary, adjusts this schedule periodically.]

### **[Important Note**

**Aetna** periodically updates its systems with changes made to the [**Aetna** Out-of-Network Rates (AONR)] [Medicare Allowable Rates] [Prevailing Charge Rates] [**Aetna** Facility Fee Schedule] [and] [Dental Fee Schedule Rates (DFSR)].

*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.]

## [1 Reasonable Occupation

This is any gainful activity for which you are, or may reasonably become, fitted by education, training, or experience and which results in, or can be expected to result in:

- A substantial income as determined by the Social Security Administration; or
- An income of more than:
  - [40%-100%] of your **adjusted predisability earnings**
  - your **adjusted predisability earnings** multiplied by the Scheduled Monthly LTD Benefit percentage or, if less,
  - the amount of the Maximum Monthly Benefit.]

## [2 Recognized Charge

The **covered expense** is only the part of a charge which is the **recognized charge**.

As to medical, vision and hearing 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
- **3** [for professional services and other services or supplies not mentioned below:
  - [100% - 400% of the Medicare Allowable Rate;]
  - [100% - 400% of the **Aetna** Out-of-Network Rate (AONR);]
  - [the 50<sup>th</sup>-100<sup>th</sup> percentile of the Prevailing Charge Rate;]for the Geographic Area where the service is furnished.]
- **4** [for inpatient charges of hospitals and other facilities:
  - [100% - 400% of the Medicare Allowable Rate;]
  - [100% - 400% of the **Aetna** Out-of-Network Rate (AONR);]
  - [100% - 400% of the **Aetna** Facility Fee Schedule;][for the Geographic Area where the service is furnished] [for the state of issuance of the **Aetna** Group Policy].]
- **5** [for outpatient charges of hospitals and other facilities:
  - [100% - 400% of the Medicare Allowable Rate;]
  - [100% - 400% of the **Aetna** Out-of-Network Rate (AONR);]
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**6** [As to prescription drug expenses, the **recognized charge** for each service or supply is the lesser of:

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- [50% - 200%] of the **Average Wholesale Price (AWP)** or other similar resource. **Average Wholesale Price (AWP)** is the current average wholesale price of a **prescription drug** listed in the [Facts and Comparisons] [Medi-Span] weekly price updates (or any other similar publication chosen by **Aetna**).]

7 [As to dental expenses, the **recognized charge** for a service or supply is the lesser of:

- What the provider bills or submits for that service or supply; and
- [the 50<sup>th</sup> - 100<sup>th</sup> percentile of the Prevailing Charge Rate;]
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[Dental Fee Schedule Rates (DFSR): The schedule of rates developed by **Aetna** using **Aetna** data or experience for out of network dental services and supplies provided in the geographic area in which you receive the service or supply. For purposes of this definition “geographic area” means an expense area grouping defined as either:

- the first three digits of the U.S. Postal Service zip codes; or
- a geographic area with similar demographic data or experience.

**Aetna** reviews and, if necessary, adjusts this schedule periodically.]

#### 11 [Important Note

**Aetna** periodically updates its systems with changes made to the [**Aetna** Out-of-Network Rates (AONR)] [Medicare Allowable Rates] [Prevailing Charge Rates] [**Aetna** Facility Fee Schedule] [and] [Dental Fee Schedule Rates (DFSR)].

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#### 12 [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.]

### [13Referral

This is a written or electronic authorization made by your **Primary Care Physician (PCP)** or **Primary Care Dentist (PCD)** to direct you to a **network provider**, for **medically necessary** services or supplies covered under the plan.]

### [14Referral Care

Covered services given to you by a **specialist dentist** who is a **network provider** after **referral** by your **primary care dentist** and provided **Aetna** approves coverage for the treatment.]

### [Rehabilitation Facility

A facility, or a distinct part of a facility which provides **rehabilitative services**, meets any licensing or certification standards established by the jurisdiction where it is located, and makes charges for its services.]

### [Rehabilitative Services

The combined and coordinated use of medical, social, educational and vocational measures for training or retraining if you are disabled by **illness** or **injury**.]

### [15Rehabilitation Training Program

A program of physical, mental or vocational rehabilitation which:

- Is expected to result in maximizing your employability with your Employer; and
- Is designed to assist you to return to your **own occupation** or to any **reasonable occupation** with your employer which you are, or may reasonable become fitted for by completion of a rehabilitative training program.
- Provides access to at least weekly sessions with a **psychiatric physician** or psychologist for individual psychotherapy.
- Has peer oriented activities.
- Is managed by a licensed **behavioral health provider** who functions under the direction and supervision of a **psychiatric physician**.]

## [16] Residential Treatment Facility (Alcoholism and Drug Abuse)

This is an institution that meets all of the following requirements:

- On-site licensed **Behavioral Health Provider** 24 hours per day/7 days a week.
- Provides a comprehensive patient assessment (preferably before admission, but at least upon admission).
- Is admitted by a **Physician**.
- Has access to necessary medical services 24 hours per day/7 days a week.
- **17**If you require **detoxification** services, it must have the availability of on-site medical treatment 24 hours per day/7 days a week, which must be actively supervised by an attending **Physician**.
- Provides living arrangements that foster community living and peer interaction that are consistent with developmental needs.
- Offers group therapy sessions with at least an **R.N.** or Masters-Level Health Professional.
- Has the ability to involve family/support systems in therapy (required for children and adolescents; encouraged for adults).
- Provides access to at least weekly sessions with a **Psychiatrist** or psychologist for individual psychotherapy.
- Has peer oriented activities.
- Services are managed by a licensed **Behavioral Health Provider** who, while not needing to be individually contracted, needs to: (1) meet the **Aetna** credentialing criteria as an individual practitioner; and (2) function under the direction/supervision of a licensed psychiatrist (Medical Director).
- Has individualized active treatment plan directed toward the alleviation of the impairment that caused the admission.
- Provides a level of skilled intervention consistent with patient risk.
- Meets any and all applicable licensing standards established by the jurisdiction in which it is located.
- Is not a Wilderness Treatment Program or any such related or similar program, school and/or education service.
- Ability to assess and recognize withdrawal complications that threaten life or bodily functions and to obtain needed services either on site or externally.
- 24-hours per day/7 days a week supervision by a **Physician** with evidence of close and frequent observation.
- On-site, licensed **Behavioral Health Provider**, medical or **substance abuse** professionals 24 hours/7 days a week.]

## **[Residential Treatment Facility (Mental Disorders)**

This is an institution that meets all of the following requirements:

- On-site licensed **Behavioral Health Provider** 24 hours per day/7 days a week.
- Provides a comprehensive patient assessment (preferably before admission, but at least upon admission).
- Is admitted by a **Physician**.
- Has access to necessary medical services 24 hours per day/7 days a week.
- Provides living arrangements that foster community living and peer interaction that are consistent with developmental needs.
- Offers group therapy sessions with at least an **R.N.** or Masters-Level Health Professional.
- Has the ability to involve family/support systems in therapy (required for children and adolescents; encouraged for adults).
- Provides access to at least weekly sessions with a **Psychiatrist** or psychologist for individual psychotherapy;
- Has peer oriented activities.
- Services are managed by a licensed **Behavioral Health Provider** who, while not needing to be individually contracted, needs to: (1) meet the **Aetna** credentialing criteria as an individual practitioner; and (2) function under the direction/supervision of a licensed psychiatrist (Medical Director).
- Has individualized active treatment plan directed toward the alleviation of the impairment that caused the admission.
- Provides a level of skilled intervention consistent with patient risk.
- Meets any and all applicable licensing standards established by the jurisdiction in which it is located.
- Is not a Wilderness Treatment Program or any such related or similar program; school; and/or education service.]

### **[R.N.**

A registered nurse.]

### **[Room and Board**

Charges made by an institution for **room and board** and other **medically necessary** services and supplies. The charges must be regularly made at a daily or weekly rate.]

SERFF Tracking Number: AENX-126534626 State: Arkansas  
 Filing Company: Aetna Life Insurance Company State Tracking Number: 45127  
 Company Tracking Number: AH AR0253501F01  
 TOI: H161 Individual Health - Major Medical Sub-TOI: H161.005C Individual - Other  
 Product Name: 2009 Law Department  
 Project Name/Number: 2009 Law Department/AH AR0253501F01

## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Flesch Certification	Approved-Closed	03/10/2010
<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	03/10/2010
<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	03/10/2010
<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	03/10/2010
<b>Bypass Reason:</b> not applicable		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> RecogCharge GR-9 & GR-9N Cover Ltr, EOv GR-9 11396-2 02, EOV GR-9N 34-090 05, ALIC Illustrative Sample #1, ALIC Illustrative Sample #2, ALIC	Approved-Closed	03/10/2010

*SERFF Tracking Number:* AENX-126534626      *State:* Arkansas  
*Filing Company:* Aetna Life Insurance Company      *State Tracking Number:* 45127  
*Company Tracking Number:* AH AR0253501F01  
*TOI:* H161 Individual Health - Major Medical      *Sub-TOI:* H161.005C Individual - Other  
*Product Name:* 2009 Law Department  
*Project Name/Number:* 2009 Law Department/AH AR0253501F01  
Illustrative Sample #3

**Comments:**

Supplemental information

**Attachments:**

RecogCharge GR-9 & GR-9N Cover Ltr.PDF

EOV GR-9 11396-2 02.PDF

EOV GR-9N 34-090 05.PDF

ALIC Illustrative Sample #1.PDF

ALIC Illustrative Sample #2.PDF

ALIC Illustrative Sample #3.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-9 11396-2 03	50.2
GR-9N 34-090 06	47.3

**Signed:** John W Ciesielski  
**Name:** John W Ciesielski  
**Title:** Manager Product and Regulatory Approvals  
  
**Date:** March 9, 2010



**John W. Ciesielski**  
Product & Regulatory Approvals  
Law and Regulatory Affairs  
151 Farmington Ave, RW61  
Hartford, CT 06156  
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March 9, 2010

Insurance Commissioner Julie Benafield Bowman  
Compliance - Life and Health  
Arkansas Department of Insurance  
1200 West Third Street  
Little Rock, AR 72201-1904

Subject: **Aetna Life Insurance Company, NAIC No. 001-60054**  
*Group Accident & Health Insurance*  
**Recognized Charge Definition**  
Booklet-Certificate Form GR-9: 11396-2 03  
Booklet-Certificate Form GR-9N: 34-090 06

Dear Commissioner::

The booklet-certificate forms listed above are being submitted, for your Department's approval on a general use basis. The forms are new and do not replace any previously filed form. They are in final form rather than being a draft or proof.

We intend to use the subject form GR-9 11396-2 with Booklet-Certificate form GR-9N that was approved by your Department on [June 23, 2006](#) and in conjunction with wraparound style master policy form GR-29N that was approved by your Department on June 23, 2006. We intend to use the form GR-9N 34-090 05 in conjunction with the Wraparound Style Policy form GR-29, approved by your Department on November 17, 1987.

The booklet-certificate forms include an updated version of Aetna's Recognized Charge definition. This definition has allowed, and will continue to allow, policyholders the option to include in their plan of benefits alternative methods of calculating reimbursement levels for health care coverage based upon the type of coverage, services, supplies and charges. While this definition and the various options described therein are *not* new to Aetna products, in the interest of disclosure to policyholders and insureds, 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 Explanations of Variability that apply to the forms, it is Aetna's intent that the definitions 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.

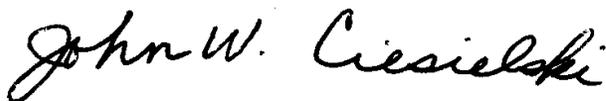
In addition, for your convenience in reviewing this filing, we have included 3 illustrative samples of how the definition will appear in a booklet-certificate when it is issued to the policyholder and the insureds. While the definition appears complex in the versions that we are filing for approval, as the samples show, the definition as it will appear in the booklet-certificates will be much simpler.

Variability, as indicated by bracketed material on the forms, is required so that only the appropriate language may be reflected on the forms. Upon issuance of these documents, 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.](#) Detailed Explanations of Variability for the forms have been included.

We request approval of this letter, the enclosed forms 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  
Manager  
Product & Regulatory Affairs

Enclosure(s)

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

**Explanation of Variable Material**  
**GR-9 Insert Page, 11396-2**

**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 or provisions selected by the customer.
2. 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.
3. The placement of the text within the form may vary to avoid gaps that would otherwise be created by the deletion of bracketed text.
4. 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.
5. The bracketed Aetna designations [XX] and [0000] at the bottom right corner are variable to allow for different descriptions or may be omitted.

**Insert Page 11396-2**

6. This definition describes the methodology used to calculate the reimbursement levels for services, supplies and charges under a policyholder's plan of benefits.
7. 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 and elsewhere within the certificate forms.
8. The definition will apply to network and non-network style plans. For network plans, it will apply to both out-of-network coverage and to certain types of health care services or supplies that are reimbursed at a rate higher than the out-of-network percentage, but lower than the in-network coverage in situations where the network may not be robust. This category is identified as "Other Health Care" in the certificate forms. This feature, of an additional level of coverage, applies to policyholders who purchase only a network plan for all employees including states where Aetna may not have a substantial network.
9. The definition has been structured to allow policyholders to vary the methodologies in their plans based upon the types of coverage, services and charges.
10. [Any variable amounts will vary within the stated ranges.] [Any amounts will vary but will not be more restrictive than what is shown.]
11. Any time periods expressed in "days" may be changed to the equivalent months.
12. If all health expenses that are subject to the recognized charge under a policyholder's 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".*

The lead-in wording may also be changed so that each type of health coverage under a policyholder's plan is listed as follows:

*"As to medical, prescription drug, dental, vision and hearing expenses, the **recognized charge** for each service or supply is the lesser of: etc "*

In either of these situations, only one of the reimbursement methodology options will print.

13. The term "network" may be changed to "in-network", "participating", "preferred" or some other term of similar meaning used in a customer's forms.
14. The term "out-of-network" may be changed to "non-participating", "non-preferred", "non-network" or some other term of similar meaning used in a customer's forms.
15. *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.
16. *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.*).
  - a. Various plan design options are shown, but only one option will print for these types of charges.
  - b. The Medicare Allowable Rate option and the Aetna Out-of-Network (AONR) option will only include the phrase "for the geographic area where the service is furnished". Either the phrase "for the geographic area where the service is furnished" or the phrase "for the state of issuance of the Aetna Group Policy" will be included with the Aetna Facility Fee Schedule option.
17. *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.*).
  - a. Various plan design options are shown, but only one option will print for these types of charges.
  - b. The Medicare Allowable Rate option and the Aetna Out-of-Network (AONR) option will only include the phrase "for the geographic area where the service is furnished". Either the phrase "for the geographic area where the service is furnished" or the phrase "for the state of issuance of the Aetna Group Policy" will be included with the Aetna Facility Fee Schedule option.
18. *Prescription Drug Expenses*-This option will print if outpatient prescription drug coverage is included in the policyholder's plan of benefits and the methodology differs from that used for other types of health expenses covered under the policyholder's plan. Either the "Facts and Comparisons" or "Medi-Span" references will be included as the source for the Average Wholesale Price.
19. *Dental Expenses*-This option will print if dental coverage is included in the policyholder's plan of benefits and the methodology differs from that used for other types of health expenses covered under the policyholder's plan. Various plan design options are shown, but only one option will print for these types of expenses.
20. This paragraph applies to network plans but specifically to certain types of health care services or supplies that are reimbursed at a coinsurance percentage higher than the out-of-network percentage, but lower than the in-network percentage in situations where the network may not be robust. This category is identified as "Other Health Care" in the certificate forms. In addition to the coinsurance percentage being higher

than that for out-of-network expenses, the percentage or percentile charge level will always be set at a level higher than that for out-of-network expenses.

- a. *Professional services* - This paragraph may be included or combined with the *facility charges* category. Various plan design options are shown, but only one option will print for these types of charges.
- b. *Facility Charges*-This paragraph may be included or combined with the *professional services* category. Various plan design options are shown, but only one option will print for these types of charges. The Medicare Allowable Rate option and the Aetna Out-of-Network (AONR) option will only include the phrase “for the geographic area where the service is furnished”. Either the phrase “for the geographic area where the service is furnished” or the phrase “for the state of issuance of the Aetna Group Policy” will be included with the Aetna Facility Fee Schedule option.

21. This paragraph applies only to medical and dental expenses. It will print for network plans and may print for non-network plans. 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 covered person is enrolled in:

- a non-network plan; or
- a network plan and chooses to access an out-of-network provider; and

the 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.

- c. Aetna Facility Fee Schedule - Either the text “provided in the geographic area in which the covered person receives the service or supply ... if necessary, adjusts this schedule periodically” or the text “for the state of issuance of the Aetna

Group Policy ... is adjusted from time to time in Aetna's discretion" will be included with the Aetna Facility Fee Schedule option.

***Drafters Note: Aetna Facility Fee Schedule Definition:** If your state does not permit discretionary clauses, in this definition change the phrase "in Aetna's discretion" to "by Aetna".*

23. *Important Note* – These reminders are provided to call out important information for covered persons. They may be modified to add approved language from other areas of the certificate. They may be moved to different areas of the certificate or repeated. They 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.

**Aetna Life Insurance Company**  
**Explanation of Variability**  
**GR-9N**  
**34-090**  
**05**

**Glossary Letter ‘R’**

**General**

Each defined term will be included as appropriate and applicable to the policyholder’s plan of benefits.

**Reasonable Occupation:**

1. Any of the bulleted items may or may not be included. The percentage of adjusted predisability earnings will vary and may increase to as high as 100%. The term “adjusted” may or may not be included. The terms “Scheduled” or “Scheduled Monthly” may or may not be included. The term “Monthly” may be changed to weekly.

**Recognized Charge [Amount]:**

2. General Comments
  - a. This definition describes the methodology used to calculate the reimbursement levels for services, supplies and charges under a policyholder's plan of benefits.
  - b. 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 and elsewhere within the certificate forms.
  - c. The definition will apply to network and non-network style plans. For network plans, it will apply to both out-of-network coverage and to certain types of health care services or supplies that are reimbursed at a rate higher than the out-of-network percentage, but lower than the in-network coverage in situations where the network may not be robust. This category is identified as "Other Health Care" in the certificate forms. This feature, of an additional level of coverage, applies to policyholders who purchase only a network plan for all employees including states where Aetna may not have a substantial network.
  - d. The definition has been structured to allow policyholders to vary the methodologies in their plans based upon the types of coverage, services and charges.
  - e. Any variable amounts will vary within the stated ranges.
  - f. Any time periods expressed in “days” may be changed to the equivalent months.
  - g. If all health expenses that are subject to the recognized charge under a policyholder's 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".*

The lead-in wording may also be changed so that each type of health coverage under a policyholder's plan is listed as follows:

*"As to medical, prescription drug, dental, vision and hearing expenses, the **recognized charge** for each service or supply is the lesser of: etc ".*

In either of these situations, only one of the reimbursement methodology options will print.



**Aetna Life Insurance Company**  
**Explanation of Variability**  
**GR-9N**  
**34-090**  
**05**

This category is identified as "Other Health Care" in the certificate forms. In addition to the coinsurance percentage being higher than that for out-of-network expenses, the percentage or percentile charge level will always be set at a level higher than that for out-of-network expenses.

- a. *Professional services* - This paragraph may be included or combined with the *facility charges* category. Various plan design options are shown, but only one option will print for these types of charges.
- b. *Facility Charges*-This paragraph may be included or combined with the *professional services* category. Various plan design options are shown, but only one option will print for these types of charges. The Medicare Allowable Rate option and the Aetna Out-of-Network (AONR) option will only include the phrase "for the geographic area where the service is furnished". Either the phrase "for the geographic area where the service is furnished" or the phrase "for the state of issuance of the Aetna Group Policy" will be included with the Aetna Facility Fee Schedule option.

9. This paragraph applies only to medical expenses. It will print for network plans and may print for non-network plans. 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 covered person is enrolled in:
  - a non-network plan; or
  - a network plan and chooses to access an out-of-network provider; and

the 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.

10. *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.

**Aetna Life Insurance Company**

**Explanation of Variability**

**GR-9N**

**34-090**

**05**

- c. Aetna Facility Fee Schedule - Either the text “provided in the geographic area in which you receive the service or supply ... if necessary, adjusts this schedule periodically” or the text “for the state of issuance of the Aetna Group Policy ... is adjusted from time to time in Aetna’s discretion” will be included with the Aetna Facility Fee Schedule option.

11. *Important Note* – These reminders are provided to call out important information for you. They may be modified to add approved language from other areas of the certificate. They may be moved to different areas of the certificate or repeated. They 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.

12. *Additional Information* – When included, the name of the web site, tools within the web site and contact department may be changed.

**Referral**

13. The term “network” may be changed, (e.g., participating).

**Referral Care**

14. The term “network” may be changed, (e.g., participating).

**Rehabilitation Training Program**

15. This first bulleted item and the reference to “employer in the second bulleted item will not be included if the policyholder is not an employer.

**Residential Treatment Facility (Alcoholism and Drug Abuse)**

16. The term “Residential” may or may not be included. Any bulleted item in this list may or may not be included in accordance with the policyholder’s plan.

17. The fifth bulleted item will be omitted if the detoxification services are not included in the policyholder’s plan.

## *ALIC Illustrative Sample #1*

### **Recognized Charge**

The **covered expense** is only the part of a charge which is the **recognized charge**.

As to medical, 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% of the **Aetna** Out-of-Network Rate (AONR) for the Geographic Area where the service is furnished.
- for charges of hospitals and other facilities:
  - 110% of the Medicare Allowable Rate for the Geographic Area where the service is furnished.

As to **prescription drug** 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
- 100% of the **Average Wholesale Price (AWP)** or other similar resource. **Average Wholesale Price (AWP)** is the current average wholesale price of a **prescription drug** listed in the Facts and Comparisons weekly price updates (or any other similar publication chosen by **Aetna**).

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

- What the provider bills or submits for that service or supply; and
- the 80<sup>th</sup> percentile of the Prevailing Charge 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, **Aetna** Out-of-Network Rates (AONR), and Prevailing Charge Rates are defined as follows:

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.

**Aetna Out-of-Network Rates (AONR):** **Aetna's** standard rates used to begin contract negotiations with providers who participate in our network. There are separate AONR standard rates for each Geographic Area. The **recognized charge** is based on the AONR standard rates for the Geographic Area in which the covered person receives the service or supply. For Geographic Areas in which **Aetna** does not maintain these standard rates, AONR shall equal 110% of the Medicare Allowable Rates.

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 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 Medical Data Research (MDR) database, which is compiled from information that **Aetna** and other insurers submit to Ingenix. Ingenix reviews and, if necessary, changes these rates periodically. **Aetna** updates its systems with these changes within 180 days after receiving them from Ingenix.

### **Important Note**

**Aetna** periodically updates its systems with changes made to the **Aetna** Out-of-Network Rates (AONR), Medicare Allowable Rates and Prevailing Charge Rates.

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

### **Additional Information**

**Aetna's** website [aetna.com](http://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.

## *ALIC Illustrative Sample #2*

### **Recognized Charge**

The **covered expense** is only the part of a charge which is the **recognized charge**.

As to health 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% of the **Aetna** Out-of-Network Rate (AONR) for the Geographic Area where the service is furnished.

As to **prescription drug** 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
- 100% of the **Average Wholesale Price (AWP)** or other similar resource. **Average Wholesale Price (AWP)** is the current average wholesale price of a **prescription drug** listed in the Facts and Comparisons weekly price updates (or any other similar publication chosen by **Aetna**).

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 **Aetna** Out-of-Network Rates (AONR) are defined as follows:

**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.

**Aetna** Out-of-Network Rates (AONR): **Aetna's** standard rates used to begin contract negotiations with providers who participate in our network. There are separate AONR standard rates for each Geographic Area.

The **recognized charge** is based on the AONR standard rates for the Geographic Area in which the covered person receives the service or supply. For Geographic Areas in which **Aetna** does not maintain these standard rates, AONR shall equal 110% of the Medicare Allowable Rates.

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 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%.

### **Important Note**

**Aetna** periodically updates its systems with changes made to the **Aetna** Out-of-Network Rates (AONR) and Medicare Allowable Rates.

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

### **Additional Information**

**Aetna**'s website [aetna.com](http://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.

### *Illustrative Sample #3*

#### **Recognized Charge**

The **covered expense** is only the part of a charge which is the **recognized charge**.

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:
  - 110% of the Medicare Allowable Rate for the Geographic Area where the service is furnished.
- for inpatient charges of hospitals and other facilities:
  - 140% of the Medicare Allowable Rate for the Geographic Area where the service is furnished.
- for outpatient charges of hospitals and other facilities:
  - 140% of the Medicare Allowable Rate for the Geographic Area where the service is furnished.

As to **prescription drug** 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
- 100% of the **Average Wholesale Price (AWP)** or other similar resource. **Average Wholesale Price (AWP)** is the current average wholesale price of a **prescription drug** listed in the Medi-Span weekly price updates (or any other similar publication chosen by **Aetna**).

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

- What the provider bills or submits for that service or supply; and
- 100% of the Dental Fee Schedule Rate (DFSR) for the Geographic Area where the service is furnished.

A service or supply will be treated as a covered expense under the Other Health Care benefits category when **Aetna** determines that a **network** provider is not available to provide the service or supply. This includes situations in which you are admitted to a **network hospital** and non-**network** physicians, who provide services to you during your **stay**, bill you separately from the **network hospital**. In those instances, the **recognized charge** for the service or supply is the lesser of:

- What the provider bills or submits for the service or supply; and
- for professional services:
  - 140% of the Medicare Allowable Rate for the Geographic Area where the service is furnished.
- for facility charges:
  - 160% 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 Dental Fee Schedule Rates (DFSR) are defined as follows:

**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 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%.

**Dental Fee Schedule Rates (DFSR):** The schedule of rates developed by **Aetna** using **Aetna** data or experience for out of network dental services and supplies provided in the geographic area in which the covered person receives the service or supply. For purposes of this definition “geographic area” means an expense area grouping defined as either:

- the first three digits of the U.S. Postal Service zip codes; or
- a geographic area with similar demographic data or experience.

**Aetna** reviews and, if necessary, adjusts this schedule periodically.

### **Important Note**

**Aetna** periodically updates its systems with changes made to the Medicare Allowable Rates and Dental Fee Schedule Rates (DFSR).

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

### **Additional Information**

**Aetna**'s website [aetna.com](http://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.

