

From: Tim Lee <tim@trta.org>
Date: January 8, 2014 at 10:53:42 PM CST
To: Bill Barnes <santabell@prodigy.net>, RJungConsulting Ronnie Jung <rjungconsulting@gmail.com>, "mfryar4950@att.net" <mfryar4950@att.net>, Cindee Sharp Cindee@trta.org

Subject: Fw: Settlement notices mailed to TRS/Aetna members on non-par reimbursement

Good evening Maridell, Bill and Ronnie. Below, is an email from an AETNA attorney. I spoke with Shannon this afternoon at length about a class-action lawsuit settlement that has been reached between Aetna and a group of doctors based in New Jersey who brought suit against Aetna.

While I have not had a chance to read the document below in great detail, I wanted all of us to start looking at this just to know more about this issue as our members receive notices from Aetna.

As part of the settlement, any Aetna participant that had, as of 2001 through 2013, a plan that offered both in network and out of network benefit options, will receive notice of this class action settlement.

TRTA members are all now contacting us asking more about this settlement and what we, as TRTA, are telling our members. I hope this information from Shannon will be the basis of an Inside Line that we can send later this week.

To that end, please review the information and Ronnie, Cindee and I will work up a draft IL for your review. I also asked Shannon if we could continue to ask questions and further refine our messaging on this issue.

I am certain that MANY TRTA members will get the Aetna settlement information and it will be something that may potentially confuse or scare our members.

As with all things related to our members' peace of mind, I want to review this information and send out whatever we can that may help bely any concerns or could, potentially, point them in the right direction if they believe they should seek remuneration from this settlement.

For now, consider this email more of an FYI with additional information in the works.

Yours,

Tim

From: Meroney, Shannon P
Sent: Wednesday, January 8, 2014 5:29 PM
To: Tim Lee

Settlement notices being mailed to members for litigation on non-par reimbursement

A settlement under which Aetna agreed to pay up to \$120 million has been given preliminary approval by the New Jersey District Court. This settlement relates to class action litigation over payments for out-of-network benefits.

The settlement administrator is mailing notices in December to Aetna members and out-of-network providers nationwide who provided services to those members since 2001.

Members and providers may submit claims to the administrator for consideration to share in distribution of the settlement.

Background:

Aetna filed (on December 7, 2012) a proposed settlement for preliminary approval by the New Jersey District Court related to class action litigation that began in 2007 over payments for out-of-network benefits. This litigation is known as MDL 2020 (originally filed under the plaintiff name Cooper). The settlement has received preliminary approval, and the settlement administrator, Berdon Claims Administration, has begun mailing notices.

Notices are going to:

- All Aetna subscribers, members and beneficiaries who were in plans that included out-of-network benefits, from March 2001 through August 2013.
- Out-of-network providers that submitted claims to Aetna for any of these members.
- There is no admission of wrongdoing.
- Aetna is not changing its business practices in any respect as a result of the settlement. We will continue to pay out-of-network claims for covered services based on 'allowed amounts' under the terms of a member's health plan.
- Members with questions about the settlement notices or how to file a claim form should contact the settlement administrator.

Comment on settlement:

Aetna is pleased to resolve this longstanding litigation with members and providers, both of whom are important constituents.

Financial terms of settlement, as needed:

Under the proposed settlement, Aetna is paying \$60 million for a general fund. The general fund will cover the legal fees of plaintiffs' attorneys, administrative fees and payments to health plan member and provider class members who do not opt out of the proposed settlement and do not submit detailed claims. These class members will receive up to \$40 per year in which they had eligible claims.

The company also will pay up to an additional \$60 million to health plan or provider class members who provide documentation related to balance bills. Class members who submit claims must elect to recover from either the general fund or the fund requiring documentation. Class members cannot recover from both.

What claims can members and providers submit for additional payment from the settlement funds?

Members will be able to submit claims to the settlement administrator from 2001 to August 2103 for 'balance bills' they paid to out-of-network providers. A member may have been balance-billed by a provider if Aetna reimbursed for less than the provider billed on a medical claim. If a health plan member can provide documentation, they may receive payment from the settlement fund of up to an additional 3% to 5% of the allowed amount paid by Aetna on that claim.

Out-of-network providers will be able to submit claims from 2001 to present for balance bills for out-of-network services that they were unable to collect from members and, if their claims are properly documented, they can receive up to an additional 3% to 5% of the allowed amount.

What is the 'allowed amount' in the context of this litigation?

The allowed amount is the reimbursement amount determined by Aetna under the terms of each member's health plan, to the extent that amount is less than the providers' billed charges.

How is the 'allowed amount' calculated by Aetna?

For plans with a benefit based on 'reasonable and customary' charge, which were the focus of the litigation, Aetna based the allowed amount on databases of billed charges from health care providers. These databases were formerly owned by Ingenix (a UnitedHealth company).

How will a member or provider know if they are part of this settlement? How many members does this cover? How many claims?

The settlement administrator will send notices to members and providers of eligibility. The number of claims eligible for additional payment will not be known until the submission process by members and providers is complete after the settlement receives final approval.

Will Aetna charge self-funded plan sponsors for any claim reimbursements related to their plans?

No, Aetna will fund costs related to the settlement.

Will you change how you calculate out-of-network payments? Will you pay billed charges?

No. Aetna is not changing its business practices in any respect as a result of the proposed settlement. We will continue to pay out-of-network claims for covered services based on 'allowed amounts' under the terms of a member's health plan.

Are other insurers involved? Is this the same litigation United settled some time ago?

United Healthcare previously settled similar litigation in part by establishing a \$350 million settlement fund. Health Net also previously settled similar litigation in part by establishing a \$215 million settlement fund. Similar litigation against other insurers is pending.

How do you pay out-of-network claims?

Refer to 'How Aetna Pays Out-of-Network Benefits' suite on Aetna.com.
<http://www.aetna.com/individuals-families-health-insurance/rights-resources/claims-coverage/pays-out-of-network-benefits.html>

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