Arnold Schwarzenegger, Governor
State of California
Business, Transportation and Housing Agency

Department of Managed Health Care
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Walnut Creek Law Dept.

December 19, 2008

DEC 2 2 2008

DELIVERED VIA U.S. MAIL

Mary V. Anderson
Western Region General Counsel
Aetna Health of California, Inc.
2625 Shadelands Drive
Walnut Creek, CA 94598

RE: In the Matter of Aetna Health of California, Inc.
Enforcement Matter Nos. 07-321, 07-322, 07-323, and 07-324

LETTER OF AGREEMENT

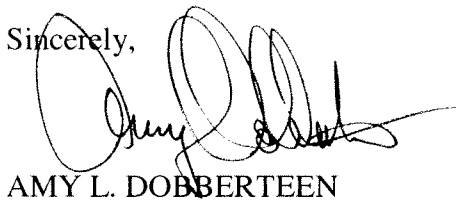
Dear Ms. Anderson:

The Department of Managed Health Care (Department) conducted an investigation of Aetna Health of California, Inc. (Aetna or the Plan) relative to allegations that the Plan failed to appropriately respond to four separate grievances. The Office of Enforcement in the Department of Managed Health Care has concluded that sufficient evidence exists to support a finding that the Plan violated the Knox-Keene Health Care Service Plan Act of 1975, as described below.

In the first case, Matter Number 07-321, the Plan did not resolve the grievance within 30 days, as required by Health and Safety Code section 1368.01(a) and California Code of Regulations, title 28, section 1300.68(d)(3). The penalty assessed for that violation is $2,500. In the second case, Matter Number 07-322, the Plan failed to acknowledge the grievance within five days, as required under Health and Safety Code section 1368(a)(4)(A). Further, the Plan failed to resolve the grievance within 30 days, a violation of Health and Safety Code section 1368.01(a) and California Code of Regulations, title 28, rule 1300.68(d)(3). The penalty assessed for those violations is $5,000 ($2,500 for each violation). Finally, in Matter Numbers 07-323 and 07-324, the Plan's grievance response letters did not include all of the information required in Health and Safety Code section 1368.02(b). Relative to the last two cases, the Department was willing to consider those matters as a single violation and impose a joint penalty in the amount of $2,500.

Aetna has acknowledged the violations in Matter Numbers 07-321, 07-322, 07-323, and 07-324. Pursuant to the Department's authority under Health and Safety Code, section 1386, the Department has assessed administrative penalties against the Plan totaling $10,000. In order to resolve these four matters without need for further litigation, the Plan has agreed to pay the penalties.

Sincerely,



AMY L. DOBBERTEEN
Assistant Deputy Director
Office of Enforcement

ALD:avb

ACCEPTED BY AETNA HEALTH OF CALIFORNIA, INC.:

Date: 12/26/2008

Mary V. Anderson, as directed R. Sharma
MARY V. ANDERSON
Western Region General Counsel
Aetna Health of California, Inc.