Claim Fiduciary Responsibilities – *Background & Update (1/1/04)*

ERISA requires that the Plan Administrator designate or name one or more “fiduciaries” with authority to review all denied claims for benefits under the plan for which it has been designated a Named Fiduciary. (A Plan Administrator may designate itself as a Named Fiduciary.)

- A fiduciary has a duty to exercise its fiduciary responsibility prudently and in the interest of plan participants.
- Claim fiduciary responsibility determines who will make the final decisions regarding coverage under the benefit plan, and who defends those decisions.
- For insured and split-funded products, Aetna (Aetna Life Insurance Company or an Aetna HMO) is always the fiduciary, since we are assuming all or part of the risk.
- For self-funded plans, i.e., business governed by Administrative Services Contracts, either the plan sponsor or Aetna can be designated claim fiduciary
- Our *National Member Complaint and Appeals Policy* incorporates turnaround times that meet or exceed the new federal requirements for resolving member complaints and appeals.

The Appeals Process when Aetna is claim fiduciary

Aetna adjudicates claims in accordance with the provisions of the plan and our claim guidelines. We also review member appeals of denied claims and make the final determination as to whether the claim is covered. The plan sponsor cannot overrule the determination. If Aetna denies the appeal and the member files suit claiming that our coverage decision was in error, we defend the decision and bear the legal costs of the defense.

When Aetna is the claim fiduciary we are responsible for providing pertinent documents supporting our claim denial (such as medical reports, Independent Medical Examination reports, etc.) if requested in connection with an appeal of a denied claim.

The Appeals Process when Aetna is not claim fiduciary

Aetna makes the initial coverage decision, but the plan’s claim fiduciary reviews and decides appeals of claim denials, typically defends denials in court, and bears the cost of defense.

Aetna is not responsible for the appeal or final claim determination.

- Upon receipt of an appeal, Aetna will forward the appeal to the plan’s claim fiduciary. (The plan administrator must identify the individual who is accountable for receiving and handling the appeals.)
- Aetna provides to the plan sponsor/claim fiduciary, via a copy of the denial letter, the rationale for the decision. Aetna is also responsible for supplying to the claim fiduciary, upon request, any additional information and all documentation (including medical reviews, whether by Aetna medical directors or outside consultants) relating to the decision.
- The claim fiduciary is responsible for conducting its own independent evaluation of the claim, even if the plan’s determination is ultimately to uphold Aetna’s denial.
- The claim fiduciary is also responsible for communicating its decision in writing to the party who filed the appeal.
Processes 4-6 are available for Self-Funded Plan Sponsors.

Effective 1/1/04 – Aetna no longer offers Process 3. This process will continue to be administered for Plan Sponsors that selected Process 3 prior to 1/1/04. For questions, contact Appeals Administration Services@Aetna.com.

Effect of New Regulations on External Review Programs

If a self-funded plan has an External Review Program arrangement in effect, when the claim fiduciary has rendered a final denial of an appeal, the member is informed of the availability of external review rights. If the member proceeds with the External Review process, the determination is binding on the claim fiduciary and the Plan.