



October 23, 2025

Mr. Steve Nelson
President
Aetna
151 Farmington Avenue
Hartford, CT 06105

RE: Aetna Level of Severity Inpatient Payment Policy

Dear Mr. Nelson,

The Connecticut Hospital Association (CHA) is opposed to Aetna's recently announced Level of Severity Inpatient Payment policy, set to go into effect November 15, 2025.

Aetna outlines that beginning November 15, 2025, a new type of inpatient payment reimbursement category ("low severity inpatient stays") will be created for urgent and emergent hospital admissions of one or more midnights for Aetna's Medicare Advantage (MA) and Special Needs Plans (SNPs); Aetna also intends for payments under this policy to be comparable to observation rates.

Under the current practice for medical necessity review, hospitals that seek reimbursement for inpatient admissions spanning one or more midnights can receive a denial for the inpatient claim with the ability to contest a denial through a standard appeals process. Aetna is now proposing that reimbursement for these claims be granted automatically; however, payment would be unilaterally determined via proprietary Milliman Criteria Guidelines (MCG) rather than the longstanding medical necessity review guidelines established by the Centers for Medicare and Medicaid Services (CMS). By deviating from CMS's medical necessity processes, which include peer-to-peer review and a standard appeal process, Aetna's policy undermines the established safeguards that are designed to uphold physician judgment, protect beneficiary coverage, and encourage program transparency. By replacing the denial/appeals process with a blanket lower reimbursement rate, this policy eliminates the opportunity for reviews prior to admission or while a patient is in-house. This approach shifts the burden to hospitals to address needed adjustments retrospectively, a process proven more costly over time and that will increase financial pressure on hospitals, straining healthcare delivery.

CHA opposes Aetna's policy on the basis that it departs from the longstanding medical necessity review and denial processes and incorrectly assumes that the emphasis on automatic payment outweighs the many financial, contractual, administrative, and regulatory concerns this policy raises for Connecticut hospitals.

From a regulatory perspective, Aetna's policy diminishes ongoing efforts to improve payer-provider communication and reduce administrative burden related to prior authorizations. The 2024 Medicare Advantage and Part D Final Rule ([CMS-4201-F](#)) outlines that MA plans cannot apply coverage standards that differ from traditional Medicare, except in cases where traditional Medicare does not fully establish coverage criteria. We urge Aetna to consider that reframing its policy as an issue of payment rather than an issue of coverage under CMS guidelines does not absolve Aetna of its responsibilities under federal regulations.

From a financial perspective, Aetna's substitution of proprietary MCG criteria as a condition of payment based on "level of severity" circumvents the use of CMS's standard denial codes, making it more difficult for hospitals to identify where underpayment has occurred and to quantify the extent of reimbursement shortfalls across the system. As Connecticut hospitals continue to grapple with negative operating margins, rising supply chain costs, and larger volumes of uncompensated care, ensuring adequate reimbursement and tracking root causes of payment shortfalls remain a top priority; Aetna's Level of Severity of Inpatient Payment policy undermines these efforts.

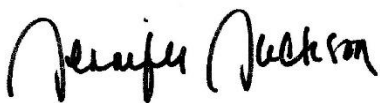
This policy will also increase hospitals' administrative costs. We anticipate that with the implementation of this policy, more time and hospital resources will be spent pursuing contractual dispute mechanisms rather than going through the standard appeal processes. This will also introduce an additional barrier to timely care for patients and further reduce visibility into claims and reimbursement issues.

Connecticut hospitals are committed to providing continuous, high-quality care to every patient, regardless of their ability to pay. CHA continues to support policies that ensure patients receive the care they need, when they need it, and that hospital payment reflects the significant resources required to provide that care. We are concerned that Aetna's Level of Severity Inpatient Payment policy undermines these efforts and adds unnecessary financial pressure for hospitals while worsening structural issues that affect patients. Specifically, **the consequences of payment policies that do not reflect the true level of care provided lead to reduced access to inpatient care, increased waiting times for critical services, and strained emergency departments.**

Given the many consequences of this policy and the lack of detailed guidance provided by Aetna, CHA asks for its immediate withdrawal. We urge Aetna to work collaboratively with hospitals and CMS to ensure that payment practices are consistent with federal standards and that patients' access to timely and medically appropriate care is protected.

Thank you for considering our comments.

Sincerely,



Jennifer Jackson
CEO

JDJ:KH:ljs
By Email

cc: Andrew N. Mais, Commissioner, State of Connecticut Insurance Department