

# Aetna's Retiree Solutions

*"Solutions for  
an Aging  
Population"*



# We Believe in Our Values

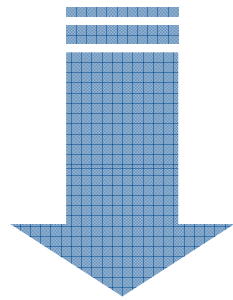


**Optimal Health  
through informed  
decisions**

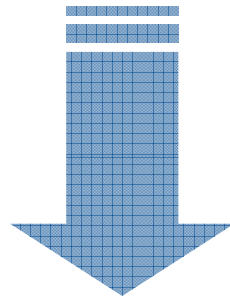
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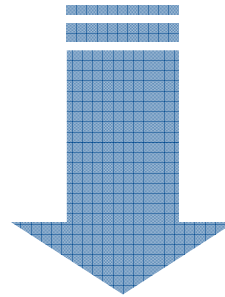
# Where Do You Want to Be?



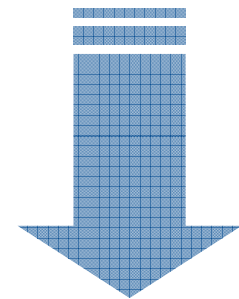
*and / or*



*and / or*



*and / or*



Reduce  
Role?

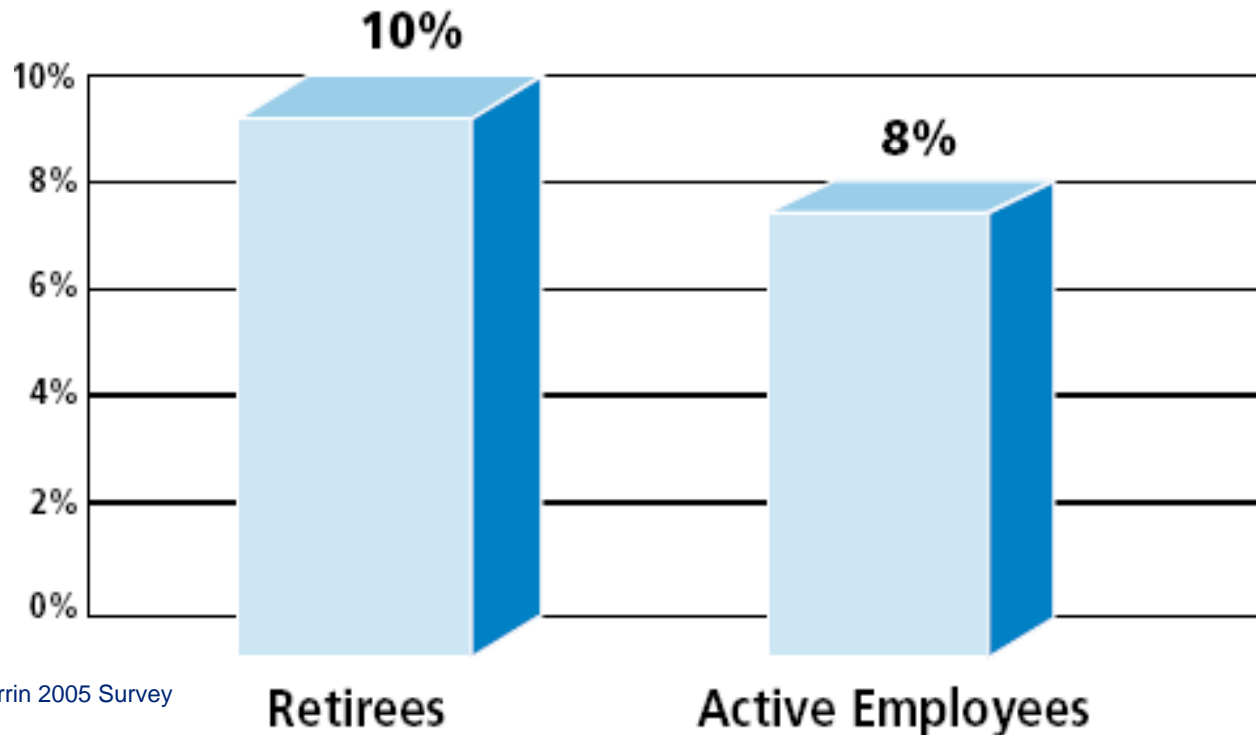
Provide Access  
to Retiree  
Health Care?

Control  
Current and  
GASB Costs?

Help Employees  
Save?

# Annual Increases in Health Care Costs

Since 1999, retiree health care costs have risen 25% faster than active employee's  
Supplemental plans do not provide ways to control costs

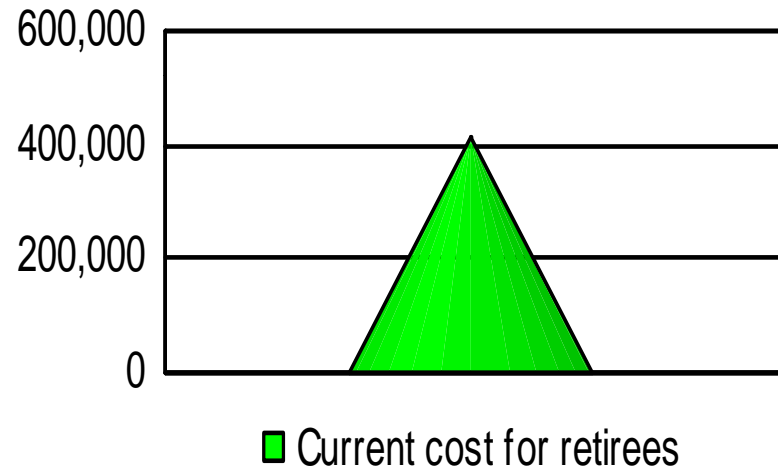


\*Towers Perrin 2005 Survey

# The Tip of the Iceberg One Municipality's Story

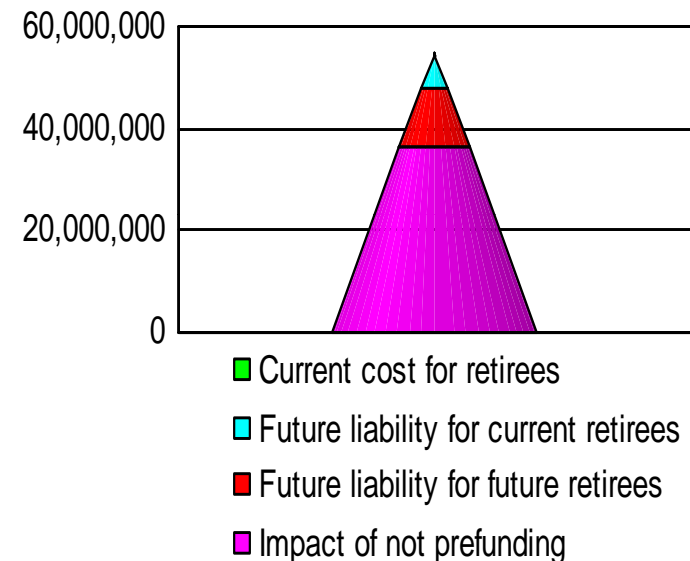
- Medical claims each year for their retirees and dependents are just over **\$409,000**.
- Medical costs for their retirees will increase from \$409 thousand to \$983 thousand over the next 10 years, **an increase of 140%**.

This is a phase I Town with 1,600 employees/retirees offering PPO plans through retirement.



# The Tip of the Iceberg One Municipality's Story

- The annual claims cost is dwarfed by the liability for **future** benefits for the same retirees and dependents – more than **\$6.4 million**.
- The Actuarial Accrued Liability for the portion attributed to **past** years of service of active employees – more than **\$11.9 million**.
- If the benefits are not prefunded, the liability grows by another **\$36.1 million** because future investment income will not be available to help pay for the benefits.



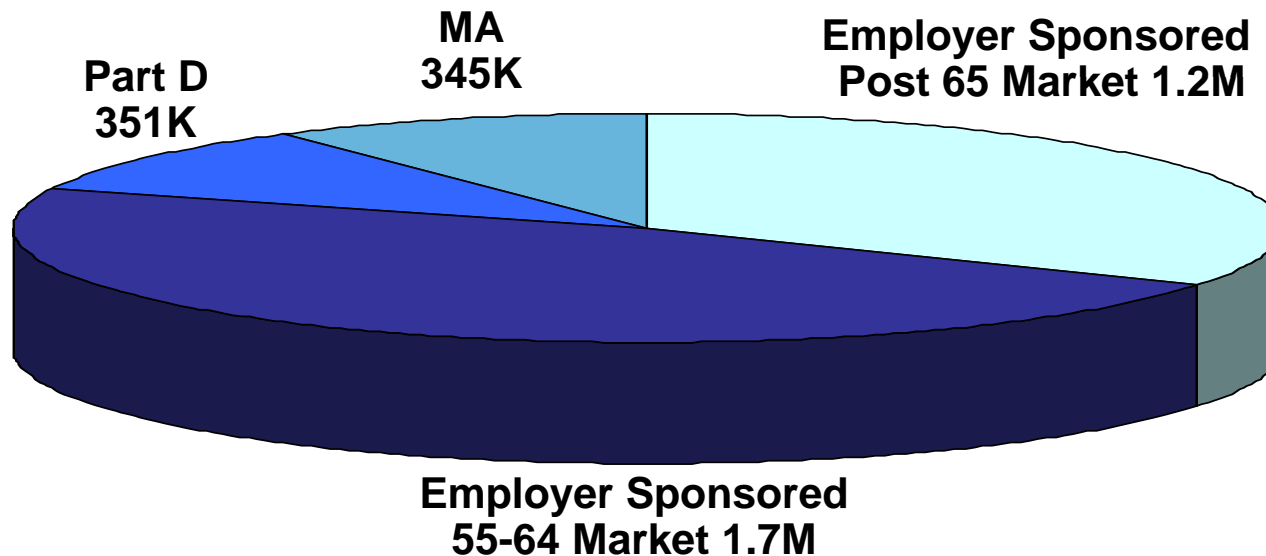
The total liability that will appear on the financial statement will be almost **\$55 million**.

# Examples of Medicare Advantage Savings Government Sector Plan Sponsors

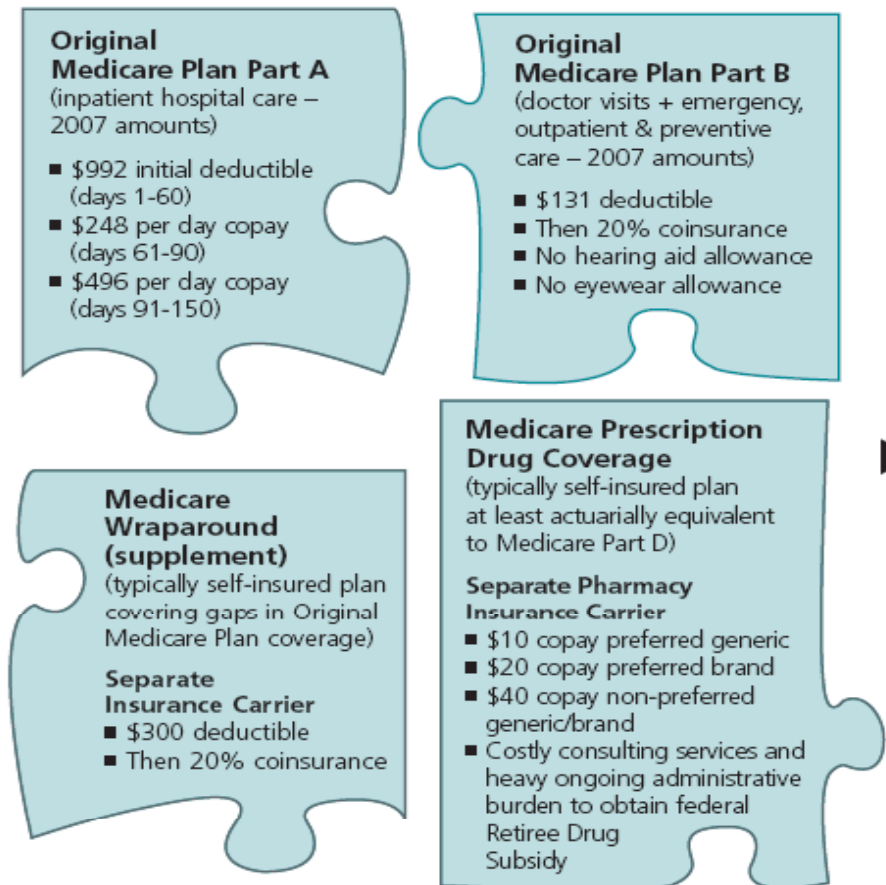
	<b>Projected 2008 Costs Under Current ASO Arrangement</b>	<b>Projected 2008 Costs Under PFFS</b>	<b>Projected 2008 Savings With PFFS</b>
Plan Sponsor A <i>(Medical plan of similar benefit level)</i>	\$104,639,000	\$94,350,000	<b>9.6%</b>
Plan Sponsor B <i>(Medical plan of lower benefit level)</i>	\$40,800,000	\$27,000,000	<b>33.8%</b>
Plan Sponsor C <i>(Medical plan of similar benefit level)</i>	\$24,000,000	\$22,500,000	<b>6.3%</b>
Plan Sponsor D <i>(Medical &amp; Rx plan of similar benefit level)</i>	\$3,758,559	\$2,133,268	<b>43.2%</b>

Aetna currently services 2M Medicare Retirees

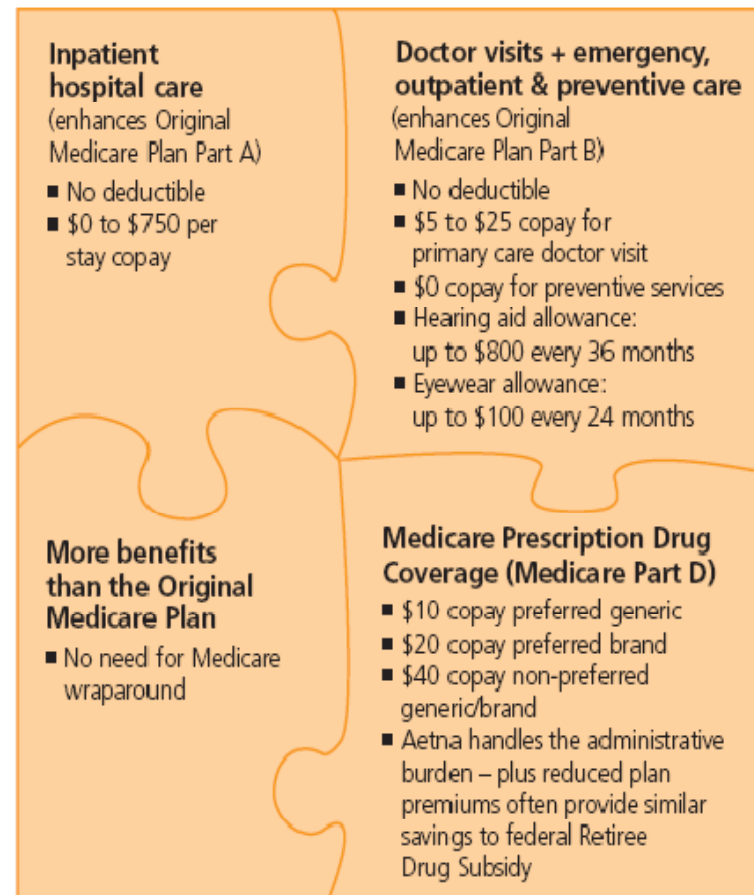
- Aetna is the top Medicare Advantage growth company in 2008
- 2<sup>nd</sup> largest PFFS carrier in the country
- 180% growth in Medicare Advantage membership since 2006



## The Coordinated Challenge



## The Solution



- National managed Medicare Solution
- National coverage and access to any doctor in the U.S. who is licensed to accept payment under Medicare system and accepts Aetna's terms and conditions
- Dedicated medical management personnel to create greater cost predictability
- Plan design flexibility -- copay or coinsurance options to resemble current plans
- Streamlined administration
- Integration of PDP -- opportunity to realize government funding immediately

- Fitness and Coaching Programs (Optional)
- Weight Management Program (Jenny Craig)
- Vision One<sup>®</sup> Discount Program
  - Hardware Reimbursement (Optional)
- HearPO<sup>®</sup> Discount Program
  - Hearing Aid Reimbursement every 36 months (Optional)
- Oral Health Care Discount Program
- Natural Products & Services Program
- SpaWish<sup>®</sup>
- eDiets.com<sup>®</sup>
- ZagatSurvey<sup>®</sup> Online
- MayoClinic.com Bookstore

## **Our commitment to wellness is rooted in three fundamental core beliefs:**

- Wellness is a lifelong journey of caring for one's physical and emotional well-being
- Wellness means treating the whole person and recognizes that any given individual's state of health is going to vary over their lifetime
- Wellness success requires a scientific basis for understanding behavior change to develop effective programming at an individual and company level

## **Our wellness initiative is supported by concrete actions:**

- Motivational coaching available to all members who want help losing weight, reducing stress or quitting a smoking habit
- Free fitness center membership within the network available to all members
- Medical Management programs dedicated to the unique medical conditions of mature adults
- Single point of contact for members looking for preventive and/or medically related advice

# Integrated Medical Management

Holistic, Integrated Approach

## Program

### New Member Health Risk Assessment

- Identification/management of all conditions
- Monthly predictive modeling
- Comprehensive Screening and Management

### Aetna Health Connections

- 1 program focused on 34 conditions such as Diabetes, COPD, CHF, Hypertension, Oncology, Geriatrics, Orthopedic
- Customized assessment and action plans

### Case Management

- Over 125 case managers dedicated to Medicare.
- Nurses, Social Workers, Behavioral Health, Disease Management Specialists are all trained in Geriatrics and Change Management

## Results

- All new members receive a Health Risk Assessment
- 85% completion rate
- Provides greatest impact with all comorbidities and issues managed concurrently

- Expands successful medical management to more high risk and vulnerable populations.
- Admissions are **more than 22% below the Medicare FFS level** and the difference has been growing every year since 2002

- Enrolled 16% of members in Case Management
- New programs for Home Case Management and Institutionalized members piloted

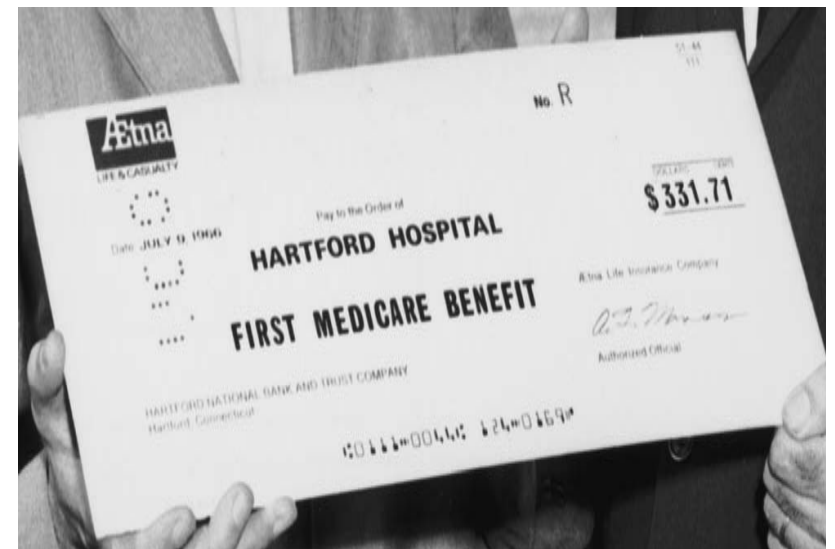
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# Integrated Medicare Care Management



- Aetna has played critical roles throughout Medicare's history
  - Paid first Medicare check
  - Acted as fiscal intermediary
  - Played a leadership role in Medicare public policy
  
- Aetna is committed to the Medicare market
  - Over 1,900 Medicare employees in 2008
  - Dedicated Medical Management Team
  - Dedicated Member Services
  - Dedicated Operations Team
  - Dedicated Product & Marketing Teams



- Proven track record of successfully implementing and operating large and small PFFS plans
- The Aetna Medicare Eligibility Processing team can accept eligibility electronically
  - Over 100k members processed electronically
- Aetna Medicare can offer flexibility in handling eligibility interfaces
- Aetna has extensive experience handling customized eligibility interface formats and frequencies
- Pre-editing processing, Edit Research, Follow-up Calls and Follow-up Letters minimizes CMS processing errors.

- Targeted mailings based on claims data to over 200,000 providers
- Provider Newsletter Articles (OfficeLink)– bi-monthly updates regarding new tools, resources and education opportunities.
- Recorded webinar explains Aetna’s Medicare Private Fee-for-Service plan, including its key features and the benefits to providers.
- Provider seminars in strategic growth areas
- Continuous updates on our websites
- Interventional calls when a patient or provider is uncertain or questions the terms of the Aetna Medicare PFFS before treating or accepting a patient.
- Proactive calls to targeted regions of the country where there is interest in PFFS.

# Medicare Advantage Value Proposition

- ✓ Aetna is committed to the Medicare market
  - Over 1,900 Medicare employees
  - Top Medicare Advantage growth plan in 2008
- ✓ Extensive experience with Provider outreach for PFFS product
  - Over 200,000 providers contacted
- ✓ Extensive turnkey communications program at no additional cost with dedicated program manager
- ✓ Proven track record of successfully implementing and operating large and small PFFS plans
  - Over 100k members processed electronically with 97% acceptance
- ✓ Dedicated Member Services and Operations Teams
- ✓ Integrated medical management provides early identification of conditions, customized programs and dedicated case management.
  - Admissions are 22% lower than Traditional FFS

We want you to know™



# Appendix

# Post-65 Aetna Plan Designs

	<b>Medicare Advantage HMO options (2)</b>	<b>Medicare Private Fee For Service Copay options (3)</b>	<b>Medicare Private Fee For Service Coinsurance options (High/Low)</b>	<b>Medicare Integration (High/Low)</b>
Deductible	Not Applicable	Not Applicable	\$250/\$100	\$250/\$500
Member Coinsurance	Not Applicable	Not Applicable	15%/10% coinsurance	10%/20% coinsurance
Out of Pocket Maximum	Not Applicable	Not Applicable	\$5,000/\$2,500	\$750/\$2,500
PCP Office Visit	\$15/\$25 copay	\$15/\$20/\$25 copay	15%/10% coinsurance	10%/20% coinsurance

	<b>Medicare Advantage HMO (2)</b>	<b>Medicare Private Fee For Service Copay options(3)</b>	<b>Medicare Private Fee For Service Coinsurance options (High/Low)</b>	<b>Medicare Integration (High/Low)</b>
Outpatient Surgery	\$50 copay	No copay	15%/10% coinsurance	10%/20% coinsurance
Emergency Room Visit	\$50 copay	\$50 copay	\$50 copay	10%/20% coinsurance
Hospital Room & Board	\$50/day for days 1-5 or \$200/day for days 1-7	No copay or \$250 per stay	15%/10% coinsurance	10%/20% coinsurance

	<b>Medicare Advantage HMO(2)</b>	<b>Medicare Private Fee For Service Copay options(3)</b>	<b>Medicare Private Fee For Service Coinsurance options (High/Low)</b>	<b>Medicare Integration (High/Low)</b>
Urgent Care	\$35 copay	\$35 copay	\$35 copay	10%/20% coinsurance
Preventative Care	No copay	No copay	No coinsurance	10%/20% coinsurance

# Post-65 Aetna Pharmacy Plan Designs

	PDP A	PDP B	PDP C	PDP D
Deductible	None	None	None	None
<b>Initial Coverage Limit: Member Payments up to \$2,575* in Total Drug Expenditures</b>				
Generic	\$15 retail / \$30 M.O.D.	\$5 retail / \$10 M.O.D.	\$10 retail / \$20 M.O.D.	\$5 retail / \$10 M.O.D.
Preferred Brand	\$25 retail / \$50 M.O.D.	\$20 retail / \$40 M.O.D.	\$20 retail / \$40 M.O.D.	\$20 retail / \$40 M.O.D.
Non-Preferred Brand	\$40 retail / \$80 M.O.D.	\$40 retail / \$80 M.O.D.	\$40 retail / \$80 M.O.D.	\$40 retail / \$80 M.O.D.
<b>Coverage Gap: Member Payments After \$2,575* in Total Drug Expenditures (Initial Coverage Limit) but Before Spending \$4,150* Out of Pocket (Troop)</b>				
Generic	\$15 retail / \$30 M.O.D.	\$5 retail / \$10 M.O.D.	\$10 retail / \$20 M.O.D.	\$5 retail / \$10 M.O.D.
Preferred Brand	Member pays 100%	Member pays 100%	\$20 retail / \$40 M.O.D.	\$20 retail / \$40 M.O.D.
Non-Preferred Brand	Member pays 100%	Member pays 100%	\$40 retail / \$80 M.O.D.	\$40 retail / \$80 M.O.D.
<b>Catastrophic Tier (Member Payments After Reaching \$4,150* Out of Pocket Expense, or Troop)</b>				
Catastrophic Tier*	Greater of \$2.15* or 5% for either generic drugs or preferred multi source brand drugs. Greater of \$5.35* or 5% for any other drug.			