Aetna Retirees Association, Inc
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News

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ANNUAL UPDATE FROM YOUR BOARD OF DIRECTORS

September is the busiest time of year for ARA's Board of Directors.

First we have our annual meeting with Aetna to review their plans for retiree benefits for the coming year. We have developed a strong relationship with our counterparts at Aetna over the years and have established a professional liaison with them. Attending the meeting from ARA were Carl Galinsky, John Perra, Sharon Reed, Mike Feehan, Brian Farrell, Tom Trumble, Doug Halbert and Dick Wenner. See the separate article (starting on page 2) on what we learned. Please notice that two issues (the copay trap on mail order drugs and Silver Sneakers) are ones that we raised with Aetna and received a positive outcome.

Secondly, we had our own Board meeting to elect officers and Directors and act on other matters coming before us including review of our membership, financials, audit (thorough and positive result!) and documentation inventory.

Re-elected as officers were:
John Perra, Chairman; Brian Farrell, Vice Chairman; Bob Gilligan, President; Lee Simard, Treasurer; and Sharon Reed, Secretary.

In addition to the officers, the other members of the Board are: Roger Anderson, Warren Azano, John Backer, Dorothy Cooney, John Dwyer (Chairman Emeritus), Mike Feehan, Doug Halbert, Robert Hall, Carl Galinsky, Phil Roberts, John Ruggiero, Tom Trumble, Ken Veit, Dick Wenner and Marilyn Wilson. We owe a huge debt of gratitude to these people who are "Helping Aetna Keep Its Promises."

SEASONAL REMINDER

As we reach the end of Summer and await Fall and Winter, we should all consider getting our annual flu shot. We have heard that there may be some confusion among our members concerning whether or not both the low-dose and the high-dose flu shots are covered at 100%. Apparently some pharmacies have said the high-dose shot is not covered at 100%.

We posed this question to our contacts at Aetna and they confirmed that BOTH the low-dose and the high-dose flu shots are covered at 100%. Accordingly, if the provider from whom you receive a flu shot disagrees with this, please contact Member Services and ask them to confirm to the provider that the coverage is at 100%.

LIAISON TEAM MEETING WITH AETNA ON 2017 BENEFITS AND RATES

On September 19, 2016, the Aetna Liaison Team met with Aetna representatives to learn about changes to the Retiree Health programs to become effective January 1, 2017. As in past years, Aetna will provide comprehensive materials concerning the 2017 plans, contribution rates and administration in the annual enrollment materials to be mailed out in mid-October.

ELIGIBILITY CHANGES

For employees retiring on or after 1/1/2017, Aetna will no longer require spousal (including partner) certification at the time of retirement. These retirees may add a spouse to coverage at annual enrollment or with a valid status change (life event) just as retirees can do with children.

For 2016, eligibility changed from age 45 with 5 years of service to 55 and any service. Effective January 1, 2017, retirees may now defer up to 10 years (from 3) or to age 65. Further, retirees and spouses in pre-Medicare plans may drop coverage and return to deferred status until they reach Medicare age.

PRE-MEDICARE AND LTD PLANS

There will be no changes made to the pre-Medicare or Long Term Disability plans for 2017.

With respect to the pricing for pre-Medicare plans, a few points need to be mentioned:

- continued high claims in this group of retirees are driving premium increases to 17% (compared to 19% for 2016)
- the leveraging effect of the subsidy cap will result in premium increases beyond 17%
- as the retirees are subject to the subsidy cap, the entire increase applies to the current premium and this will result in premium increases of between $118 and $140 per month per individual

2017 MEDICARE PLANS

A few benefit changes will become effective January 1, 2017.

First, the Rx plan limits will be indexed to CMS guidelines. Second, the gap coinsurance in Rx Standard plans for specialty drugs will approximate the 2020 CMS levels. Third, more plans will be migrated from ESA to PPO. Within PPO states, counties are either PPO or ESA. Approximately 206 counties are changing from ESA to PPO for 2017. Some exceptions will be in California, Illinois, Massachusetts, Missouri and Pinal County in Arizona.

2017 MEDICARE PLANS (*Continued*)

Fourth, many of you have asked and we have, in turn, asked Aetna: will the ***Silver Sneakers*** wellness program be added to the benefits package? We are pleased to report that this program will be available for Medicare Advantage retirees in 2017.

Finally, the "copay trap" will be fixed in Rx Plus by using coinsurance maximums. Representatives from ARA met with Aetna a number of months ago to discuss this issue, and they indicated they would look at it and fix it, if appropriate. Aetna listened to our concerns and shown below is how Aetna is addressing this issue. An excerpt from Aetna presentation to our Liaison Team follows:

> *Fix the "copay trap" in Rx Plus by using coinsurance and maximums*
> *—Rx Plus design uses coinsurance for retail and copays for mail order*
>
> *—Current design protects retirees from very high cost drugs, however, low cost drugs may be cheaper at retail*
>
> *—Example, a $15 generic drug (after deductible) at retail would cost 20% ($3 for a 30 day supply or $9 for 90 days), the same drug at mail order (90 days) is $30*
>
> *—Implementing coinsurance at mail order (20%/25%/35%) to match retail with maximums that align with current copays ($30/$60/$75)*
>
> *—Same example, mail order would now cost 20% of $45, or $9 (with a max of $30)*

The pricing for Medicare plans is a bit complicated this year. The Health Insurers Fee (HIF) was implemented effective January 1, 2014. ***For those of you who do not recall the addition of the HIF, shown below is an excerpt from the ARA Newsletter published in December, 2013.*** Under the Affordable Care Act (ACA), a new fee was assessed on health insurers – the HIF. This fee was intended to help pay for health premium subsidies and tax credits which were made available in 2014.

HEALTH INSURANCE FEE (HIF)

The fee begins in January 2014 and will not expire unless federal legislative changes are made.

This new fee applies to:

- Most forms of health insurance including Medicare Advantage and Medicare Part D plans
- Insured new business and renewals
- Grandfathered and non-grandfathered plans
- The IRS will collect $8 billion from health insurers in 2014

HEALTH INSURANCE FEE (*Continued*)

What is the purpose of this fee?

In 2014, an estimated 33 million people will enter the insurance market. Many of these new entrants are low-income families who will receive subsidies toward the purchase of insurance. These subsidies will be provided by the federal government and will be funded in part by the Health Insurers Fee assessed on health insurers beginning in 2014.

How much is the fee?

The ACA expresses the Health Insurers Fee as an overall amount to be collected from the industry on an annual basis. The annual amounts (the "applicable amount") are as follows: 2014: $8 billion; 2015 and 2016: $11.3 billion; 2017: $13.9 billion; 2018: $14.3 billion; years after 2018: preceding year amount increased by the rate of annualized premium growth. The fee is payable by no later than September 30th each year.

The Federal Government has determined that they will suspend this fee at least for 2017. Accordingly, the fee will not be included in the premium rates charged for 2017. This, alone, would result in a reduction in the premium rates for 2017; however, due to claim increases larger than expected, plan changes and a reduction in CMS revenue collections, the rates will actually be increasing effective January 1, 2017. The rates will increase approximately 8% for PPO with Standard Rx and approximately 4.5% for PPO with Rx Plus.

Aetna believes the HIF will be reinstated effective January 1, 2018 resulting in a relatively large rate increase for 2018. However, this is not certain at this time, and any number of changes which may occur in the next year or so could cause a different result.

The rates for the Indemnity plan will increase by 17% effective January 1, 2016

DENTAL PLANS AND PRICING

There will be no plan changes in either the PPO or DMO plans. With respect to the rates, the PPO rates will be decreasing about 2% (about $1.00 per month), and there will be no changes in the rates for the DMO.

2017 ANNUAL ENROLLMENT AND COMMUNICATION TIMELINE

Communication/Event	Timing
Annual enrollment kits mailed	End of October
Aetna HR contact Center begins taking Annual enrollment questions; YBR "Enroll" page available	October 31
Annual enrollment period begins	November 7
Annual enrollment period ends	November 18
Confirmation statements mailed	End of November
Annual Notice of Change Letter	December
ID cards mailed *	Late December

* new ID cards will be mailed to all Medicare Advantage members, members who make a plan change but not to individuals in the Indemnity plan or the Dental plan

One item to note is the Annual Notice of Change Letter. This letter, required by the Federal Government, has caused some confusion in the past. As we have discovered and, worthy to note again this year, even though the letter tended to be confusing in its intent, we now know it has no effect on the enrollment process. Accordingly, please approach this year's enrollment without regard to that letter.

As in the past, the 2017 enrollment will be a passive one, i.e., if you are not making any plan changes, you will automatically be enrolled in the same plan in which you were enrolled in 2016. As indicated above, some members will be receiving new ID cards to be mailed in late December.

As always, please check your mailboxes often, thoroughly read any material you receive, and contact the Aetna Retirement Service Center with any questions before completing your enrollment.

2017 COLA ESTIMATES

Because the Consumer Price Index (CPI) data for September is not yet available as we go to press, the final 2017 cost-of-living adjustments (COLAs) for Aetna's pension plan (where applicable) and Social Security are not yet available. However, we at ARA are able to provide an estimate for both Aetna and Social Security if an assumption is made about the CPI for September.

The simplest assumption is that the CPI does not change for the month of September. Aetna compares the standalone month of September to the prior September CPI to calculate an increase (or decrease) in the COLA. On that basis, we estimate the Aetna COLA applicable to 2017 to be **+1.0%** (which, of course, means a slight increase in the gross pension payment).

Legislation enacted in 1973 provides for Social Security COLA increases only when the July/August/September CPI average increases over the prior year average; in 2015 the average fell slightly compared to 2014, so there was no COLA increase for 2016. There is a slight increase through August of 2016 over the 2014 average, and if this holds steady through September, we estimate the 2017 Social Security COLA increase will be **+0.3%.**

If there is a percentage increase or decrease in the CPI from this August to September, the above +1% figure for Aetna's COLA would increase or decrease by the amount of that increase or decrease. The Social Security COLA would increase or decrease by 1/3rd of any increase or decrease in the 2016 July/August/September average as compared to 2014.

For those who may be interested, the CPI numbers show inflation of over 234% since 1982-84. The COLA calculations are as follows:

2017 COLA Estimates

Aetna and Social Security (assumes Sept. 2016 = August 2016)

Source: Bureau of Labor Statistics (BLS) Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) 1982-84 = 100

http://www.ssa.gov/OACT/STATS/cpiw.html

Year	July	August	September	Sum of July/Aug/Sep	Average for July/Aug/Sep
2014	234.525	234.03	234.17	702.725	**234.242**
2015	233.806	233.366	**232.661**	699.833	233.278
2016	234.789	234.909	**234.909**	704.607	**234.869**
		Increase over 2015 =	**2.248**	Increase over 2014 =	**0.627**
		Aetna percentage incr. =	**1.0%**	**SS percentage incr. =**	**0.3%**

As you communicate with a retiree, retiree group or a colleague, we encourage you to provide them with information and the benefits of joining ARA. Please refer any prospective members to our website at www.aetnaretirees.com for additional information and an application form. Further, you may encourage prospective members to contact any Board Member for additional information. If, however, a retiree or colleague does not wish to become an active member and would still like to hear what we are doing, please have them state “communications only” on the application. We will send them our communications.

CONTACT ARA!

We welcome your comments, questions, ideas and letters to the editor. See mail and website addresses on page 1.

Marilyn Wilson, Editor