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News

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2011 ENROLLMENT

Important Changes Deserve a Careful Look

It's always wise to read and understand insurance plans before you sign on. It will be more important than usual this year as Aetna retirees sign up for health insurance benefits for 2011. Pre-Medicare retirees will see plan changes aimed, primarily, at making those who use the system more heavily pay a somewhat larger portion of the costs. Medicare eligible retirees will move to a somewhat different type of plan that will require a sharper learning curve.

The Medicare Improvement for Patients and Providers Act of 2008 (MIPPA) requires Aetna to discontinue its Private Fee For Service (PFFS) plan in favor of a Preferred Provider Plan (PPO) product. Under the PFFS plans, members were able to go to any provider who would accept the compensation in the Plan. Under a PPO plan, members must use a provider under contract in order to receive the full 80% benefit. While they are free to go to providers out of the network who will accept the plan's compensation, retirees will only get 75% benefit in such cases.

Aetna expects most providers who accepted the PFFS to join the PPO network but, to do so, of course, the providers will have to sign a contract. None was required under the PFFS plan. Aetna reports good progress in enrolling providers, but there is more to be done.

A few retirees may live in areas where no PPO network exists. In these cases, Aetna intends to offer an Extended Service Area (ESA) plan. However, the areas and exact details are yet to be defined. The areas will be by Postal Zip Code, but are currently not available to us.

By now, you have probably received the Aetna Retiree Connection newsletter that addresses 2011 benefits. We urge you to read it carefully. Aetna will also conduct Medicare Information Plan sessions as was done in 2009. These sessions can also be very helpful and answer specific questions.

Aetna plans to mail enrollment kits October 19. The enrollment period begins October 25 and runs through November 12. Those who do not make a specific election will be moved into the plan closest to what they now have.

Confirming statements are due to be mailed November 22, and new ID Cards are scheduled for mailing in mid-December.

Are your providers going to be in or out of network? To find out, you can go to DocFind on the internet. Here are the steps to take:

- Go to *www.Aetna.com* and click on the "Find A Doctor" button on the left side.
- When the next window appears, **DO NOT LOG IN**.
- Go below the log in box and complete the geographical information required – zip code, distance, provider category, provider type, plan, (for Medicare eligible), keep scrolling down to Aetna Medicare (SM) Plan PPO and select it – then start search.

If you do not have access to the Internet, you may call Member Services to find out if your provider or providers are in the PPO.

There will be other differences between your current PFFS plan and your new PPO plan. For example, the PPO plan will not offer an integrated preventive dental option. Co-insurance for hospital stays will change from 20% to a flat $500. This will benefit those who stay in the hospital longer but will cost the patient more for short stays. There will be a revised Standard Rx product. The deductible will drop from $310 to $100 and there will be generic drug coverage through the donut hole. The price will increase 5%. There will be a closed formulary on the Rx standard plan and an open formulary for the Rx Plus plan.

There are also some changes in the Pre-Medicare products that should be carefully reviewed. Changes in deductibles and increasing out of pocket limits are ways that insurers use to keep premiums from rising faster, but a cut in benefits is really no different than a premium increase. Therefore, you should do a careful evaluation of, not only what you will be paying, but what you will get for your money before either continuing with your present plan or changing to another. The demographics of this group almost guarantee increasing premiums or benefit reductions.

Each year, the group shrinks as more move into Medicare and those still in it get older on average because no new (younger/healthier) members are entering the group.

John Perra Heads Revised ARA Leadership

John Perra, a founding member of the ARA six years ago, was named Chairman at the September 20 annual meeting in Middletown. He replaces Bob Gilligan who has served as both Chairman and President for almost two years.

Brian M. Farrell, Sr. steps into the post of Vice-Chairman replacing Jean Waggett who passed away. Bob Gilligan will continue to serve as President, a post he has held since the founding of the organization. Lee Simard will continue as Treasurer. Sharon Reed joins the board as Secretary. John Dwyer continues to serve as Chairman Emeritus.

John Ruggiero has joined the board and will handle membership. Other directors, either continuing in office or reelected at the annual meeting, are: Roger Anderson (assistant treasurer), Warren Azano (legislative) John Backer, Carl Galinsky (Aetna liaison), Doug Halbert, Bob Hall, Jim McAuley (audit), Phil Roberts, Dave Smith (communications), Tom Trumble, Ken Veit, Dick Wenner (webmaster), and Marilyn Wilson (volunteers).

ARA is fortunate to be able to call on the experience and skills of so many dedicated veteran Aetna Retirees, many of whom held significant leadership positions with the company and served it for many years.

Aetna beefs up 401(k) Freezes Pension Plan

Aetna has taken a new direction in providing retirement benefits for active employees. On August 31, Chairman Ronald A. Williams announced improvements to the 401(k) plan, and a freeze to the current pension plan. ***<u>These changes apply only to current active employees.</u>***

In 2009, Aetna reduced the match on the 401(k) to 50 cents on the dollar on up to 3% of salary. When that reduction was made, employees were promised that it would be reviewed in 2010. That review has taken place, and the match is being increased to 100 cents on the dollar up to 6% of pay. The requirement of one year of service for the match will end January 1, 2011.

At the same time, the company is freezing its pension plan for current employees. In January, the final cash balance pension credits will be applied for 2010. Interest payments will continue, but no more new money will be added to employee accounts.

In explaining the action, Aetna said that nearly 20% of U.S. employees are not eligible to participate in the pension plan. Also, their research shows that most newly-hired employees are more attracted to a strong 401(k) rather than to two "modest" retirement programs – the pension and the 401(k).

We Get Letters
Not all Complimentary

After the release of each edition of the ARA News, we usually get feedback. Many of the letters and emails praise us for being helpful. A few take us to task. Some, for example, accuse us of being too chummy with Aetna. A few chide us for opposing Aetna too much.

In our most recent edition, we tried to give something of an overview of the rollout of the new health insurance reform law, reminding members that it is a massive bill with many changes, some of which are not yet clear.

A couple of letters accused us of showing our bias against the bill and telling us to stick to the facts and stay out of politics. One writer objected to our use of "Obama Care" because he saw it as a derogatory term.

We did a little research on the Obama Care question and found that some Democrats or press sources that favor the bill have used that term. It was certainly not our intention to use it in a derogatory way. We realize that some of our members favor the bill. In fact, some of our directors do.

Material for the ARA News is reviewed by many board members – sometimes by all. This guarantees that what we say and how we say it reflects the collective thinking. Board members are seldom reluctant to suggest changes. In the case of the last issue, few changes were made to the lead story. Most directors were comfortable with it.

As to avoiding politics, we are unsure of what the writers meant. Certainly we would try to avoid partisan politics. Neither party has an exclusive on truth and wisdom. However, Medicare and health insurance definitely fall within the realm of politics. Our pensions are heavily government regulated. To do our job, we must use our collective political voice to be sure that the things we earned during our working years are not taken from us in retirement.

Please keep those letters and emails coming in. We really do want to hear from you. Praise is nice, but constructive criticism is equally welcome.

EDITORIAL

Keep Insurance Principles In Mind when Evaluating Aetna Plans and Cost

We want to urge you to think logically and rationally in making your decisions about health insurance. It's easy to become frustrated, and frustration leads to anger. Anger seldom leads to good logical decisions. Some retirees have been tempted to drop Aetna coverage and find a lower-priced option. That is, we believe, unlikely to happen. Perhaps a lower-priced product could be found, but a side-by-side comparison of the cost of an Aetna plan to you and the cost of buying on the open market will almost certainly favor Aetna.

We know of one member who dropped the Aetna coverage and got his coverage under his wife's plan. Sounds good, but will his wife's plan (she is a state employee) continue at its current rich level? Increasingly, public employee salaries and fringe benefits are coming under attack.

In fact, as painful as the rapidly rising rates are to Aetna retirees, most of us are a good deal better off than most retired workers and Aetna employees currently retiring who get no subsidy at all.

Some retirees point out that they pay in more than they get out of their plans. They are the lucky ones. Being blessed with better-than-average health is not so bad. Insurance, as we all know, is risk sharing. You buy it as a hedge against more difficult days that may lie ahead. The healthiest will always pay more than they get back. It's the nature of the product. But just because you use medical services lightly now, is no guarantee that will be true next month or next year.

Finally, keep in mind that the cost of premiums is directly related to the cost of claims. If we overuse the system or are careless about demanding expensive tests and services, then we are driving up our own premiums. If we neglect a healthy life style, we do the same. We urge you to keep that in mind when making medical decisions.

CONTACT ARA!

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

Dave Smith, Editor