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News

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ARA is again present at Aetna Shareholders Meeting

The Board of Directors of the Aetna Retirees Association maintains a deep interest in Aetna's operations. While our primary interest is in the payment of promised retiree benefits, we try to keep current on many aspects of company operation that could impact the company's future success and the payment of our benefits. As a part of that scrutiny, we have attended and participated each year in the company's annual shareholders meeting.

This year, as in 2010, ARA was represented by John C. Lang, retired Corporate Treasurer. The meeting was held May 20 at the Le Meridien Hotel in Philadelphia.

Chairman Bertolini opened the meeting with positive remarks regarding Aetna's commitment to its members, stating that service has been, and will continue to be a primary corporate goal. He further acknowledged a shifting landscape in healthcare delivery but stated that Aetna is constantly surveying shifts in the landscape and is prepared to adjust to future operational shifts as they become necessary.

At that point, a demonstration erupted and protestors entered the meeting room with slogans and banners demanding fair healthcare for all. Contrary to press reports, no member of management nor any director "fled the room" (Hartford Courant). The combined Aetna and hotel security staff cleared the room of most protestors and the Philadelphia police responded very quickly. The Chairman and Directors were then asked to vacate the meeting room, primarily as a measure to diffuse the demonstration. The Chairman adjourned the meeting and those who were requested to do so exited the room in an orderly fashion. Remaining demonstrators were removed, there was some minor scuffling in the foyer between security and demonstrators, but no injuries were reported. At no time did the demonstrators physically threaten any attendee, including Aetna management and Directors. In approximately 20 minutes the Chairman reopened the meeting and abandoned completion of his opening remarks in the interest of time.

A shareholder proposal, asking for cumulative voting was defeated. It was opposed by the Board. A second shareholder proposal seeking an independent Chairman of the Board of Directors was passed by a vote of 158,644,375 to 149,798,952. This resolution requires Board consideration of an independent Chairman. The Board opposed the election of an independent Chairman, claiming that it limits the Board's ability to function within the scope of its consolidated business judgment. The Board also claims that the structure of the Board includes oversight procedures, including a Presiding Chairman who is an independent Director, established for the specific purpose of providing the independent Directors opportunities to heavily participate in both oversight of management and in acting upon business decisions properly presented to the Board for resolution. Response to this resolution will be taken up at a future Board of Directors meeting. The acceptance of independent or nonexecutive Chairman is a growing trend in public companies. The 2007 Spencer Stuart Board Index reported 35% of S&P 500 companies have split the CEO and Chairman role and 13% have adopted the non executive Chairman model.

When the business portion of the meeting was adjourned, Chairman Bertolini opened the meeting for comments and questions. John Lang of the ARA was the only member of the audience to ask questions or make comments. He began by identifying himself and making the following remarks:

"All Aetna retirees join me in extending our congratulations to Mr. Bertolini on your

appointment to lead this great company. Aetna has a long and distinguished history. We retirees are proud of our careers at Aetna, and that pride is reinforced as the high standards of integrity and service are maintained by the Company. We wish you the greatest success as you lead Aetna through what promises to be very turbulent years ahead for this industry. At the Shareholder's Meeting last year, we raised our concern regarding pension funding issues. The Aetna Retirees Association was troubled by the impact on unfunded liability ratios after the market fall. Like all such plans, its funding level had dropped alarmingly. We thank you for addressing that shortfall with voluntary contributions to the pension fund over the last three years. It is reassuring to see the funding level back in healthy territory, and in far better shape than most such plans.

"We would like to ask you this morning about the company's long-term view of the retiree benefits market. We note that Aetna itself has frozen its pension plan and redirected retirement contributions into its 401(k) plan. We also are aware that you offer health insurance coverage to new retirees on an availability only basis without subsidy. Does this indicate that you see the retiree benefit marketplace as a thing of the past?"

Chairman Bertolini responded that he sees a growing opportunity in serving the retiree benefit marketplace as demographics heavily impact the growth of that market and the size of that marketplace. While many unknowns exist in shaping the market need, it is Aetna's intent to follow needs as they emerge and service those needs with appropriate portfolios of product.

Mr. Lang next commented that in the run-up to the enactment of the Patient Protection and Affordable Health Care Act in 2009, many proponents of the bill, including the President, made statements that seemed to blame the health care insurance industry for greed, high costs, policyholder abuse and inefficiency. "Frankly," he said, "it troubles us to hear our company demonized in this way. We are surprised that Aetna and the industry seem to have chosen not to respond to these serious charges. Are you not concerned that such characterizations, left unchallenged, will be accepted by the public thus endangering the long-term survival of the industry?"

The Chairman responded that Aetna's reputation is solid and has been an industry model throughout its history. To engage in public debate and dialog with critics spreading misinformation would, most likely, drag us into an undesirable position of appearing to legitimize these attacks by being responsive. The option we have chosen is to keep the public informed of our positions on critical health issues, expand our communication with our members, offering answers to arising healthcare issues, and privately participating in dialog with responsible critics to develop responsible, joint positions.

Mr. Lang asked, if the Affordable Health Care Act stands in its present form, what do you see as Aetna's healthcare role in future years? With Federal bureaucracies

exercising a great deal of control over all aspects of pricing, service and coverage -- and with great pressure to reduce costs -- can health insurance companies add value to the process? Will there be any opportunity for the traditional insurance company risk-sharing role? Or will your role be purely administrative? What do you see coming?

The Chairman responded that change presents opportunity and management feels that Aetna's roughly 160 years of solid, concerned leadership will allow them to emerge as a continuing industry leader. Aetna is constantly evaluating its strategic and operational positions which strengthen the confidence the company has in its response capability. Chairman Bertolini pointed out that retirees were faced with many market shifts that required repositioning service and product positions. That legacy is imbedded in the Company culture and Aetna embraces the opportunity to demonstrate that it can respond to change with creative solutions as well.

The passed shareholder proposal calling for consideration of establishing an independent chairman is an interesting development. Those wishing to curb excessive compensation have turned to this reform. It is rare for shareholder initiatives to pass, so this vote may put pressure on the current board to give it serious consideration. On the other hand, the initiative is non-binding and the board is on record in their opposition.

ARA/Aetna Foundation Discuss Aetna's Matching Grant Programs

As announced in the Summer, 2010, edition of the Aetna Retiree Connection (online issues available at www.AetnaRetireeConnection.com), the Aetna Foundation is making changes to its various matching grant programs. These include a new vendor and changes to the website.

This is a valuable benefit to many retirees who generously support favorite charities, hospitals, schools and other qualifying institutions, increasing the value of the contributions made. Those who fail to use it may miss an opportunity to increase the impact of their generosity.

Recently, ARA representatives met, by conference call, with representatives of the Aetna Foundation. The Foundation representatives were very gracious and helpful in describing what changes were made and why, and we agreed to keep the lines of communication open to facilitate the use of these excellent programs.

One important item to remember is to please be sure to read the program guidelines as they fully explain what we are highlighting below and more.

Reviewing these guidelines, which you can access on the first page of the new website, will help you understand the program parameters and will assist you in understanding how to best navigate through the system.

The following items were discussed:

[Sign-In Procedures](http://www.cybergrants.com/aetna/aero). The new website (www.cybergrants.com/aetna/aero)

requires that you use your Aetna ID number rather than your Social Security number in the sign-on process. While recognizing that some retirees may not remember their employee ID numbers, the Foundation still went ahead with this change because of the privacy concerns that many people have with the use of Social Security numbers for identification purposes.

If you have problems with the sign-in process, they recommend simply using the website's on-line "Need Support?" link or calling the telephone number listed on the website – 1 (888) 254-4059. The support center staff has been trained to help you through this process, including researching and approving your eligibility to participate in the program.

ARA has added the above "cybergrants.com" link for the new site to the "Related Websites & Other Resources" section on the home page of our website (www.AetnaRetirees.com). Just click on "Aetna Foundation Matching Grant Programs."

[Submitting Personal Donation Grant Requests](#). The new process to identify the donee organization for the requested Aetna match has changed in an effort to ensure that matching funds are sent to the organization truly intended by the donor (*e.g.*, the national VFW rather than a local post). The new system is based on the nonprofit 501(c)(3) organizations listed with the IRS. In order for the system to

identify your organization correctly, you must input either: (1) the organization's Tax ID number (or school NCES number), OR (2) key words from its name and the state in which it is located. In addition to this, you must select the "Type" of donation you would like to make via a pull-down selection. Following our conversation, the Foundation has updated the instructions on this page to make them more succinct.

Unfortunately, identifying the Tax ID number for your organization might take some time. Although Tax ID numbers are sometimes posted on an organization's website, this is not a universal practice. It may be necessary to telephone the organization, which nowadays usually has its own pitfalls (communicating with machines, being put on hold, etc.). If you are NOT submitting the grant request at the same time you made the contribution, you may not remember where you sent it – and, even if you do, the state where the organization is located may not be the same state where the check is sent. It might be good practice to make note of this when you make your contribution in order to make the address/key word search as quick as possible.

On the positive side, once you have gone through the above process, your personal match request page will then list the organization(s) in question. Unfortunately, with the change in vendor and the new website, the older donation-match history is no longer accessible. At least going forward, though, once you identify an organization, you will not need to repeat the process if you contribute to that organization again.

[Donations for Faith-Based or Religious Organizations.](#) As has been the practice

for many years, donations to these organizations are not eligible for matching grants, unless the donation is directed to a specific program that is non-denominational, does not espouse a specific faith, and benefits the broader community (see p. 5 of the Program Guidelines document accessible on the website). When contributing to these organizations, it is important that you include a specific non-denominational program designation in order for your request to be approved.

We inquired as to what kind of documentation was required to meet these standards. The Foundation representatives were very forthcoming on this point, essentially saying that they would take the donor's word that the standards were met and that they were not about to vigorously investigate such requests. This is yet another example of a very positive attitude on behalf of the Aetna Foundation staff.

[Percentage Size of the Aetna Match.](#) As is explained in greater detail in that same Program Guidelines document, the Foundation manages a number of matching grant programs. Because some donations can be made in more than one program, and because the size of the match varies from program to program, we asked whether it was possible to determine in advance what the matches would be under the various programs, particularly the Personal Donations and Giving Campaign programs.

Unfortunately, while sympathetic to our concerns, the Foundation representatives explained that they have fixed budgets to work with, and they cannot determine program percentages until they know the aggregate amount of donations in question for each program. This is calculated in

December, except for the Disaster Response program, which is done quarterly. We then asked if it might be possible to publish “highly caveated” best estimates, or at least to provide more history as to the program percentages in the past two or three years. They responded that they would consider doing something to provide more information than is now done.

Finally, we should note that the percentages that are shown on the website for the most recent year are not as high as they used to be: 60% for the Giving Campaign and 30% for the Personal Donations program. Nevertheless, these programs continue to reflect excellent corporate citizenship, and Aetna should be applauded for having them in place when many companies do not.

“Retiree Connection” Should be Required Reading

A couple of weeks ago, you probably received your copy of the Spring edition of Aetna Retiree Connection. Retiree Connection is the primary way that Aetna communicates with its retirees and those on long-term disability. It

often contains important benefits information that you need to know.

The Spring issue contained information on fitness and health plus some important reminders about benefits. Page 4, for example, contained a reminder of the need to keep beneficiary designations up to date and specific information on where to go to check and make changes.

On the same page was a reminder of the need to guard against scams and Phishing, an illegal practice by which dishonest callers or e-mailers try to get personal information in an attempt to steal from you.

A reminder on page 10 outlines necessary steps for those about to become eligible for Medicare. Two pages were dedicated to a discount plan on hearing tests, hearing aids and other hearing services.

Aetna is again offering the “Walk-A-While” program that encourages increased exercise and improved diet. Those who complete the program are eligible for a prize drawing.

We hope you always take the time to read the Aetna Retiree Connection. It provides useful and helpful information on a number of subjects.

CONTACT ARA!

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

Dave Smith, Editor