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News

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LIAISON TEAM MEETING WITH AETNA HR

Over the past several years, members of ARA's Liaison Team have met with representatives of Aetna's Human Resources Department to give Aetna the opportunity to provide us with information concerning any changes in benefits or rates which would occur the following January 1st. Our Team met with Aetna on September 21, 2011, and the results of that meeting are summarized in this article.

The bottom line is that there will be very few changes in benefit plans and, as can be expected, some changes in rates. Virtually all benefit provisions which were in effect during 2011 will remain the same for 2012. Further, if you choose to remain in the same plan in which you are currently enrolled, you need not do anything to enroll. In addition, if you do choose to remain in the same plan, you will be able to continue to use your current ID cards.

With respect to premium rates, the final contribution rate you will pay will depend on which plan you choose as well as the level of your subsidy. We were informed that, in the absence of modifications relating to where you are relative to the cap, the rates will change very modestly. The actual rates for your specific plan will be contained in the Annual Enrollment Kit you will be receiving in October.

During our meeting, we were given some information concerning updates in health care reform. As there are still so many unknowns, including the final results of the various litigations currently in process, Aetna had very little definitive information they could provide at this time concerning The Affordable Care Act (aka ObamaCare). Aetna did indicate that they would provide us any additional pertinent information as soon as they received it; we will then, of course, pass it along to you.

As was stated in the latest issue of the Aetna Retiree Connection, the Early Retiree Reimbursement Program (ERRP) will create some funds which will be used to "fund" Retiree Reimbursement Accounts or, in some instances (those enrolled in an HSA Plan) to modify premium rates. All individual participants (i.e., retiree and spouse count separately) enrolled on January 1, 2012 will participate in this program. More information will be sent to all retirees sometime in December of this year.

During our meeting, we were also provided with information concerning service enhancements with respect to contacts with the Service Centers. This information was also covered in the latest issue of the Aetna Retiree Connection. Pertinent points are (1) the names of the service centers are being changed to Aetna HR Contact Center, (2) phone security is being enhanced, (3) the path to get you to the correct party is being enhanced through the use of a new simplified phone menu and (4) you will be provided with one consolidated retiree website for all your retiree benefits (www.ybr.com/aetna). In addition to these changes, the Aetna HR Contact Center will have new hours of operation (from 8:00 a.m. to 8:00 p.m, Eastern Time). The phone number remains unchanged (1-800-AETNA-HR or 1-800-238-6247).

We were provided with a timeline for the 2012 enrollment process and this is summarized below:

October 10 – name change for service center, enhanced phone security and consolidated website

October 24 – annual enrollment kits mailed and Aetna Retiree Contact Center begins taking enrollment calls

October 31 – YBR enrollment page is available and annual enrollment period begins

November 11 – annual enrollment period ends

End of November – confirmation statements are mailed

Mid-December – ID cards are mailed (for those enrolling in a different plan than in 2011)

Mid-December – ERRP letters mailed

January 1, 2012 – simplified phone menu available

Additional subjects we discussed during our meeting concerned “out-of-country” coverage. Even though certain plan documents may use the term “world-wide coverage,” this is actually not the case. Aetna agreed to provide additional clarifying information on this subject in a future Aetna Retiree Connection. In addition, Aetna agreed to try to get the Evidence of Coverage package out to us in January rather than May as has been the case in recent years.

Those Liaison Team members who attended this meeting all felt the information shared by Aetna was very timely and informative. This will allow us to help our membership navigate through the upcoming enrollment process.

To read more on this important topic, please see the article contained in the recently published Fall 2011 edition of the Aetna Retiree Connection

ARA Estimates 2012 COLAs

Because the Consumer Price Index (CPI) data for September is not yet available as we go to press, the final 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 each of these 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. On that basis, we calculate the Aetna COLA for 2012 to be capped at 3% and the Social Security COLA to be 3.5%. If there is an increase from August in the CPI for September, the cap will keep Aetna's COLA at 3% and the Social Security COLA will increase (subject to rounding). If September's CPI decreases, the decrease would have to be significant to take Aetna's COLA below the 3% cap. Social Security's COLA, on the other hand, would decrease from the 3.5% level.

The question is often asked as why there is a difference between the two COLAs. Although we have written about this topic before, it is a somewhat esoteric subject and it does not hurt to go over it again.

While CPI data is highly questionable as a measure of actual inflation - especially for retirees - Social Security and Aetna both base their COLA calculations on statistics from the same Consumer Price Index table. Namely, they both use CPI-W, the US Bureau of Labor Statistics' "**Consumer Price Index for Urban Wage Earners and Clerical Workers**", with 1982-84 as the base.

However, while both use the same table, the data selected from CPI-W table--and the methodology utilized--are not the same, producing different COLA results:

Social Security:

The basic formula for the Social Security COLA is to divide the average of the CPIs for the months of July, August and September by the corresponding average for the prior year. However, under law in effect since at least 1984, Social Security benefits do not decrease even when the CPI decreases. However, in order for Social Security benefits to increase, third quarter consumer prices would need to be higher than when the last Social Security increase was awarded. In other words, when the CPI decreases, subsequent CPI increases are first applied to make up that decrease and only the remaining increase, if any, is reflected in the subsequent COLA. The last Social Security increase was 5.8% in 2009, based upon the 3rd Quarter 2008 CPI, when oil prices spiked. In 2009 and 2010, the CPI 3rd Quarter average did not climb back to the 2008 level; thus there were no Social Security increases for 2010 or 2011.

Aetna: The basic formula for the Aetna's COLA is to divide the CPI for the month of September (only) by the CPI for the prior-year September. However, the resulting percentage change is limited by the 3% cap (in either direction). As background, the cost-of-living provision was added to the Aetna retirement plan as announced by Olcott D. Smith, Chairman, on January 29, 1968. The attachment to Chairman Smith's announcement says:

"The amount your benefits will be adjusted - up or down - in any year is determined by the percentage change in the U.S. Government's consumer

Price Index (CPI) for the preceding year – subject to a limit of 3% in the amount of any annual adjustment. Adjustments are made on January 1, based on the change in the CPI for the 12 months ending with the previous September and will begin January 1, 1969.”

This formula caused Aetna’s COLA to seesaw between an increase capped at 3%, then a decrease of 1.7%, then an increase of 1.4% for 2011.

However the COLA turns out for the Aetna pension plan this year, it is no exaggeration to note that, for those Aetna retirees who are fortunate enough to qualify for it, this benefit has proved over the years to be extremely valuable.

ARA Board Elects Officers and Directors

At the September meeting of the ARA Board of Directors, the annual election for officers, as required in the bylaws, was held. Reelected to another one year term were John Perra (Chairman), Bob Gilligan (President), Brian Farrell (Vice-Chairman), Lee Simard (Treasurer) and Sharon Reed (Secretary). All of these people had graciously agreed to serve another year in their respective positions, and the association is lucky to have the experience and commitment from all of them.

In addition, approximately half of the Directors on the Board had terms that expired in September and stood for reelection. Again, we thank all of those who serve on your behalf to make sure that Aetna keeps the promises it made to retirees. Reelected to serve another two-

year term were: Roger Anderson, Brian Farrell, Carl Galinsky, Bob Gilligan, Lee Simard, Tom Trumble, Ken Veit and Marilyn Wilson.

One person who is retiring from the Board is Dave Smith. Dave, as most of you know, was our Newsletter chairman for many years. Over that time, he has shown us again and again his professional, clear writing on a variety of topics. His contribution has been above measure, and we will miss him sorely. We also, though, understand his desire to concentrate on other things important in his life, especially his contract with a publisher for a book (or more) on the Civil War. Dave is devoting his energies to condensing many years of avid interest and informal writing on the Civil War into a book that will basically test people's knowledge of very interesting, but lesser known, information on the war. Dave, THANK YOU, and best of luck with the book!

HEAR YE! HEAR YE!

Aetna’s Hearing Discount Program

If you ever wondered about the Aetna HearingSM discount program presented in the Spring 2011 Aetna Retiree Connection, you may want to read the experience reported by Doug Halbert, one of our Board members.

Doug had recognized that his hearing had become less and less acute in recent years. He had gone to two audiologists in his home area for evaluations and received the same news – “you can be helped by hearing aids.” Then they told him the cost of the type of hearing aids recommended

for the type of deficiency he has – between six and seven thousand dollars! Doug’s response was, “I can ask a lot of people to repeat what they said for \$6,800.00!” The problem is that age-related hearing deficiency continues to progress whether you like it or not. Eventually you will not be able to hear even the repeated words.

Upon reading about the Aetna HearingSM discount program, Doug contacted the people at Hearing Care Solutions by e-mail and sought their assistance. A case worker responded promptly. Arrangements were made for a new evaluation to be conducted by one of their affiliated registered audiologists at a location convenient for Doug. The evaluation produced the same results as previous evaluations.

Then the differences between trying to address the issue yourself and using the Aetna’s discount program came forth. The audiologist is an independent professional but has agreed to serve the clients of Hearing Care Solutions and order the approved instruments from Hearing Care Solutions’ inventory. Because of Hearing Care Solutions’ centralized buying power, they can offer substantial discounts for the instruments. In Doug’s case, the instruments recommended came to 58% of what he had been quoted.

Both the Hearing Care Solutions’ staff and the affiliated audiologist were most professional. The instruments were fitted and adjusted within one week of the initial appointment. Doug reports that he is hearing sounds that he has not heard in years. His wife expresses great relief over the fact that the televisions and radios are no longer rattling the windows in the house. Phone conversations are no longer

difficult to conduct. Bottom line, this is a great benefit and, if you have been told that your hearing is deficient, you should check this program out. It delivers! There is no “high pressure.”

ARA Urges Members to Join NRLN

ARA has been an organizational member of the National Retiree Legislative Network (NRLN) for almost as long as we have been in existence. Because our limited resources preclude any meaningful presence in Washington, we rely on NRLN to be our eyes and ears in the halls of Congress, where the laws so critical to key seniors’ benefits are enacted or amended.

The NRLN is the trade association in D.C. that has objectives most closely related to ours. As noted in the article below, they are preparing now to lobby the Congress on matters involving Social Security, Medicare, pension security, prescription drug costs, etc.

Unfortunately, the NRLN itself has limited assets relative to the corporate behemoths that it often opposes. Its biggest strength is its ability to generate grassroots support for its positions from its membership. For example, in September, they urged their members to contact their elected representatives to follow up on earlier office visits made by NRLN staff and retiree organization members. NRLN President Bill Kadereit has a message to the grassroots network members on their website and a link allowing site visitors to send a message to their Senators and Representatives (see the

box headed "Action Alert" on the upper left of their home page at www.NRLN.org).

To be effective, they need as many individual members as they can get, which is why we urge you to join if you have not already done so. You can do this by going to their website at the above URL, clicking on "Membership" at the top of their home page, and then on "Join Us as an Individual." Although they ask individuals who are joining to make at least a \$25 contribution – and they do need the money – you can also opt to simply join their grassroots network without making a contribution. Just go to their site, click on "Membership" at the top of their home page, and then on "Join the Grassroots Network."

Because of the highly politicized nature of the current legislative process, and the diversity of views within our membership, the ARA Board has concluded that we will not be able to take positions as ARA on most issues. However, we believe it is very important that our members stay informed as to what is happening with respect to issues that will affect them, and we think that working through NRLN is an excellent way to do this (irrespective of whether or not you choose to participate in any particular grassroots effort). We urge you to join!

NRLN Prepares for 2012 Legislative Session

The second session of the 112th Congress will begin in January 2012. With Congress considering fundamental changes to put the country's economic house in order, including changes in Social Security, Medicare, and the tax structure, this legislative session will be critical. Further complicating matters, it will of course all be done in the midst of a Presidential campaign.

In late September, the NRLN distributed the first draft of its 2012 legislative agenda. Between now and January 2012, it will accept comments on it and refine it as necessary in preparation for the second session of the 112th Congress next year. It is an aggressive agenda, essentially unchanged from 2011, including prevention of cuts to Social Security and Medicare, strengthening the pension system, enacting a plan to protect retirees whose companies eliminate or reduce their retiree health benefits, and reducing the costs of prescription drugs. The similar 2011 agenda can be reviewed by going to www.NRLN.org and clicking on "Legislative Agenda" at the top of the homepage.

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