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News

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ARA ESTIMATES 2015 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 in 2015 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 applicable to 2015 to be 1.5% and the Social Security COLA to be 1.7%.

If there is a percentage increase in the CPI from this August to September, the above 1.5% figure for Aetna's COLA would rise by the amount of that increase. The Social Security COLA would rise by 1/3 of that increase. If September's CPI decreases, of course, corresponding decreases would occur in the 1.5% and 1.7% figures.

The question is often asked as why there is generally 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 may be 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. Specifically, they both use the raw data for 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. To more easily understand the difference it is helpful to keep in mind the CPI is an *index* representing basically the current cost of a basket of goods and services. It is the *ratio* of two such indices that leads to the useful percentage figure we often (although mistakenly) call the "CPI."

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. . (If the result points to a negative change, there is no COLA adjustment and the negative is carried over into next year's calculation.)

Aetna:

The basic formula for the Aetna's COLA is to divide the CPI for only the month of September by the CPI for the prior-year September. In the case of the Aetna COLA, the resulting percentage change is limited by the 3% cap (in either direction).

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

LIAISON TEAM MEETING WITH AETNA ON 2015 BENEFITS

On September 30, 2014, the ARA Liaison team met with Aetna representatives to learn about changes to the Retiree Health programs to become effective January 1, 2015. As in past years, Aetna will provide comprehensive materials concerning the 2015 plans and administration beginning with their Fall **Aetna Retiree Connection** newsletter and in the annual enrollment materials to be mailed in mid-October.

The Affordable Care Act continues to add regulation, cost and complexity to providing retiree health plans. However, any further impact from these items is very small for plans effective January 1, 2015. Federal mandates have slowed tremendously. Aetna confirmed to us that Medicare Advantage Plans remain a viable product for the near future as the current political climate seems to make the elimination of these kinds of plans implausible.

There appears to be no change in the impact that either Public or Private Exchanges are having in the marketplace. An important point to remember if one is considering seeking coverage through one of these exchanges is that once you drop coverage with Aetna, you will not be able to reenroll in an Aetna plan in the future.

2015 Pre-Medicare Plans

There will be certain plan provisions implemented effective January 1, 2015, all mandated by The Centers for Medicare and Medicaid (CMS) and Healthcare Reform. The following 3 benefit changes will be added at **no additional cost** to you at time of usage: (1) coverage for risk-reducing medications for women who are at increased risk for breast cancer, (2) coverage for certain smoking cessation drugs and (3) coverage for lung cancer screenings for smokers age 55+.

Dental plans will remain unchanged and the pricing will reflect no change for the DMO and an increase of 4% for the PPO.

After evaluating trend levels and the claims experience of all medical plans, Aetna has determined that the rates will increase in the range of \$0 to \$40 per month per member, depending upon age, plan choice and retirement date. The exact rates applicable to you and illustrated by plan will be contained in the annual enrollment package you will be receiving in late October.

2015 Medicare Plans

The only plan change to be implemented concerns the emergency room copay – this will now be applied to the deductible.

As we discussed last year, the Affordable Care Act introduced the Health Insurance Fee (HIF). The increase in your rates will be smaller this year than last year. Last year, the first year for HIF, the cost was 2.6% of premium, which produced a relatively large increase in the premiums for some plans. The impact of the HIF for 2015 will be a change from 2.6% to 3.0%. This smaller change along with the results of claim experience will result in a premium rate increase in the range of \$8.00 to \$10.00 per member per month for Medicare Advantage plans. The rates for the Medicare Indemnity plans, which as self-insured plans are not subject to HIF, will decrease by 2.4%. As with the pre-Medicare plan, the exact rates for the various plans will be contained in the annual enrollment package.

In some areas of the country, some individuals will be moved from the Medicare ESA (Extended Service Area) program into the Medicare PPO. In addition, in a few select areas, some people will be moved from the PPO to the ESA. Those affected by these changes will receive a letter explaining this change and information about this change will also be contained in the annual enrollment package.

The Dental plan designs will remain unchanged for 2015.

LIAISON TEAM MEETING WITH AETNA ON 2015 BENEFITS

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2015 Annual enrollment and Communications Timeline

The following table illustrates the timing for the various enrollment activities.

<u>Communication/Event</u>	<u>Timing</u>
Fall Aetna Retiree Connection Newsletter	Mid October
Annual Notice of Change Letter	Late October
Annual enrollment kits mailed	October 27
Aetna HR Contact Center begins taking annual enrollment questions	November 3
YBR “enroll” page available – enrollment preview	November 3
Annual enrollment period begins	November 10
Annual enrollment period ends	November 21
Confirmation statements mailed	End of November
ID cards mailed*	Mid December

* New ID cards will be mailed to anyone who changes plans **and** all Medicare Retirees **except those** in the Indemnity Plan

One item to note is the Annual Notice of Change Letter. This letter, required by the Federal Government, caused some confusion in past years. As we all discovered last 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 past years, the 2015 enrollment will be a passive one, i.e., if you are not making any plan changes, you will be enrolled in the same plan in which you were enrolled in 2014. As indicated in the preceding table, new ID cards will be mailed to anyone who changes plans and to all Medicare retirees except those in the Medicare Indemnity plan. This is a change in the procedure used for your 2014 enrollment.

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

FYI – IT IS FLU SEASON – PROTECT YOURSELF!

In order to protect yourself from influenza it is strongly recommended by the medical community that you get an immunization every year. There are two levels of immunization – Regular and High Dose.

This is an excerpt from the following government website -

<http://www.flu.gov/at-risk/seniors/index.html>:

“You have two options for vaccination—the regular dose flu shot and the higher-dose flu shot designed specifically for people 65 and older. Both vaccines protect against the same three flu viruses. The higher-dose vaccine should result in a stronger immune response. Talk to your health care provider about which vaccine is right for you.”

Each of you has received a blue “Flu Care” card from Aetna. This card is for the regular dose only. It cannot be used for the high dose immunization.

ARA has been able to confirm that both the Regular and High Dose versions are covered by our medical plans. If, when seeking the High Dose version, you are told that it is not covered by your plan, you should question that information. If the provider still insists that the High Dose version is not covered, you have the option of getting the High Dose vaccine, getting a receipt, submitting your receipt to Aetna Medicare and getting direct reimbursement.

Stay healthy and do not hesitate to ask your Medical professional any questions you may have concerning the flu vaccine.

“MYSTERIOUS” CORRESPONDENCE FROM AETNA

In recent years, we have all received an increased amount of correspondence from Aetna. Federal mandates and the implementation of the Affordable Care Act have been a major contributor to the increase.

In more recent times, we have begun to receive correspondence which, on the surface, may appear to be confusing. An example of this was the letters we received a few years ago from **MedAssurant** which asked us pertinent questions about our health. Many of these letters contained inaccurate information and, to our knowledge, MedAssurant no longer sends these out.

Of late, many of us have received letters with the heading **“Talk to Your Doctor about this Important Issue; It may improve Your Health.”** This particular letter came from **ActiveHealth Management**, an entity owned by Aetna. The letter proceeded to describe a potential condition you may have and was based on an analysis ActiveHealth Management had performed on your claim records. Selected excerpts from the letter John Doe received are shown below:

- “To help you get safe, high-quality medical care, we review your health records your doctor visits, prescriptions, lab results and procedures”
- “We compare your records to the highest standards of care recommended by the medical community. If we find a way to improve your care or find a possible drug interaction, we contact you and your doctor may also be notified”
- “Talk to your doctor about the health message(s) on the following page; what we found does not mean that you were not getting quality care; there is no reason to worry”
- “Get screened for PAD”
- “You may be at risk if any of the following apply to you: age over 65, heart disease, history of stroke, current smoking”
- “Symptoms of PAD may include pain with walking that goes away at rest, foot pain while you are at rest, leg sores that heal slowly, weak or tired legs, cold and numb feet or toes”
- “If you have any of these symptoms, ask your doctor if you should be checked for PAD”

“MYSTERIOUS” CORRESPONDENCE FROM AETNA

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Now, most retirees receiving such a letter would likely be worried particularly if the only “condition” they had from the list provided was that they were over age 65. We brought the issue of the alarming and not truly accurate information to Aetna’s attention. The following was their response.

ActiveHealth is an Aetna company that analyzes claim data for all of our members nightly. If a recommended test or procedure is absent for a condition, or if two conditions conflict (e.g. a heart drug should not be given to certain Diabetics), ActiveHealth communicates directly with the provider (and tells the member). This is called a “care consideration (CC).” This has been a feature on Aetna’s medical plans since they acquired ActiveHealth in 2005. It is a very good program for catching errors and omissions in care, but data being data, occasionally there is an issue. With ActiveHealth they have been few and far between. However, it turns out this instance was not a data error, just a change in the recommended testing age (see next paragraph).

There is no doubt that this is worded badly for John Doe’s “condition” (being age 65) and we have forwarded the concern to the ActiveHealth team. As a member, I am not sure the “may” explanation would be satisfactory to me either and I let the team know. By the way PAD is Peripheral Artery Disease and this too should have been explained.

The Active Health team was able to research the letter John Doe received with the following findings.

The letter was a care consideration, and was triggered only by his age. The member received the PAD CC because he is more than 65 years old and this alone is enough to trigger the PAD CC . Until June 2014 the age condition was >70 years but now it looks for age >65 years. The other conditions apply for members whose age is >50 years and <64 years. So member would be older than 65 years OR if member age >50 years and <64 years then the member could have one of three conditions.

*The key word in the letter is **may** (our data shows that you **may** be at increased risk... you **may** be at risk if any of the following apply to you) however from a member perspective I think it’s easy to assume the system is looking at claim data before sending the care consideration. This concern has been passed on to our clinical staff for review and consideration regarding the phrasing used in our care considerations.*

Based on the above response from Aetna, it appears they will be addressing changes in wording in these letters in the future. However, they told us they feel this program is a very valuable tool in Aetna’s arsenal to help them provide the best possible treatment plans for its members.

Another sort of letter some of us have received recently is entitled “**Medicare Advantage Claim Adjustment.**” This letter proceeds to state something like “this letter is being sent to inform you that your claim has been adjusted. Aetna’s payment system chose the incorrect copayment, coinsurance or deductible amount. As a result, you may be due a refund from your provider. Please contact your provider directly to receive your refund.” A number of our members did just that – contacted their provider only to find out they did not have any idea about this situation.

“MYSTERIOUS” CORRESPONDENCE FROM AETNA

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We discussed this issue with Aetna and they indicated the claimant should contact Member Services **before** trying to contact their provider. In most instances, one phone call will clear up the situation and will result in a refund being generated, if appropriate.

The bottom line is that, in this day and age of increasing regulation by the Federal government and The Centers for Medicare and Medicaid, we can expect to receive more mail than in the past. Our recommendation is that, if you have any questions concerning the piece of correspondence you receive, you should call Aetna at 1-800-AETNA-HR, Member Services or other departments which may be referenced in the letter. If, after making the call to Aetna, you still have not received a proper explanation, please refer it to us at ARA through our website at www.aetnaretirees.com

ARA WEBSITE REVIEWED

ARA recently conducted a detailed review of its website, <http://www.aetnaretirees.com>, the first such review in some time now. The major thrust was to assure that the various pages were still appropriate and their content relevant and useful to our membership.

As a result of this review some pages such as *ARA Press Releases*, which was not being utilized, were completely eliminated. Other pages were judged to be up-to-date and operating as intended and thus needed no change. Examples of pages in this category are *Membership* and *Our Newsletter*.

That leaves several pages where changes were made – some changes minor, most much more significant. By way of example of a minor change the list of website links contained in the box at the bottom of the homepage was simplified by eliminating two of the links. The information available through those links continues to be available via *Aetna Retiree Connection*, the first link in the box.

The most significant changes in terms both of volume and of importance of content were made in pages such as *About ARA*, *Current ARA Issues*, and *Frequently Asked Questions (FAQs)*. In *About ARA* the history of our organization was updated to include events of the last several years. In a parallel fashion *Current ARA Issues* was revised by adding the more recent issues that have arisen and eliminating those that have faded in importance. Likewise the *FAQs* page was updated to reflect in summary form the numerous questions you have submitted to ARA since the inception of the website.

Although these various changes were made to the webpages, no change was made in the general appearance of the website. That fact notwithstanding, we urge you to re-visit the website and see for yourself the full extent of the changes that have been made. You are sure to find some material directly applicable to your situation.

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