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# News

VOLUME XIV, EDITION 3

OCTOBER 2018

## **ARA ARGUES FOR CONTINUATION OF BENEFITS AT COMMISSION HEARING ON CVS**

The ARA became concerned after a recent New York Times interview with Mark Bertolini, Chairman and CEO of Aetna, where he reported his apprehension over the continuation of benefits for employees and retirees in a new CVS/Aetna company, assuming the acquisition is approved by all pertinent authorities. We decided to submit a letter to Katharine Wade, the Commissioner of the Connecticut Insurance Department registering our concerns. In the letter we pointed out, in part, that:

“ARA represents the interests of thousands of Aetna retirees who have a vested interest in life, health, dental, vision, pension and supplementary pension benefits. We believe that CVS should be required to honor Aetna’s commitments to all its retirees without change now or in the future. This is not a financial distress situation for them, but rather an acquisition/merger that is being sought between two very successful companies. It is unnecessary, and would be unfair, if CVS was allowed to reduce or renege on Aetna’s obligations and promises to its retirees, now or in the future.”

Furthermore, John Perra, chairman of the Aetna Retirees Association, spoke at a hearing held by the Connecticut Insurance Department to review the acquisition of Aetna by CVS Health on October 4, 2018. He asked the hearing committee to stipulate that CVS Health should assure that retiree health, dental, pension and life benefits would continue as a part of their expected approval.

While we are not optimistic that the Department will be able to strictly enforce any of our requests with the future CVS/Aetna company, the hearing provided us an opportunity to introduce ourselves to CVS and hopefully engage them to work to a positive a working relationship like we currently enjoy with the Aetna.

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## **LIAISON TEAM MEETING WITH AETNA ON 2019 BENEFITS AND RATES**

On September 13, 2018, the ARA Liaison Team met with Aetna representatives to learn about changes to the Retiree Health programs to become effective January 1, 2019.

### **ADMINISTRATIVE PROCESS**

Aetna will continue to employ the bswift/Aetna retiree product which was introduced for the 2018 enrollment process. The enrollment materials employed this year will differ slightly from those used last year. Specifically, the “guide” will be an abbreviated version of last year’s full guide and will include:

- what’s new/what’s changing
- a personalized enrollment worksheet (with Life Insurance amount)
- instructions on how to enroll
- limited plan information
- directions to go to the portal for additional information

The annual enrollment will take place beginning November 5, 2018 and ending November 17, 2018. Each retiree will once again receive a confirmation statement in the mail.

The Resource Guide to Your Aetna Retiree Benefits will no longer be mailed to each member but will be available from the portal. As in the past, this Guide will also be shown on the Aetna Retirees Association website.

### **PRE-MEDICARE PLANS**

There will be no changes in the plan design for 2019. Aetna will continue to offer one HRA plan and one HSA plan to pre-medicare retirees and dependents. With respect to the rates, there will be a 10% increase for the HSA plan and a 15% increase for the HRA plan.

## 2019 MEDICARE PLANS

There will be no plan changes initiated either by Aetna or by CMS (Center for Medicare Services) for 2019. Aetna will continue to offer a Medicare Advantage PPO plan with the Extended Service Area (ESA) feature with a choice of high (Rx Plus) or low (Standard Rx) Medicare Prescription Drug (PDP) plan. The Medicare Indemnity plan will still be offered to the current closed group of retirees and may be paired with a PDP plan or offered alone. In addition, the PDPs may also be selected on a stand-alone basis.

The manufacturer's discount on prescription drugs is increasing from 50% to 70% in the "donut hole." This will result in a reduction in premium for the Rx Plus plan where the plan covers brand name drugs in the coverage gap.

In addition, the Health Insurer's Fee (HIF) will be taken out of the pricing for 2019; this will also result in a reduction in premium. You will recall the HIF was instituted in 2014 as part of the Affordable Care Act (ObamaCare). The purpose of this fee was to help fund the subsidies the Federal Government provided for low-income families. This fee has been included in a number of past year's premiums and excluded from others. This was a large part of the reason last year's premium rates increased and will be a large part of why the 2019 premium rates will be reduced.

The net effect of the above items, along with an evaluation of the experience on the plans, will result in an approximate decrease of 19% for the PPO with Rx plans. The premium rates for the Medicare Indemnity plan will increase by 10%.

As in past years, retirees moving from ESA to PPO (and vice versa) will be informed by a separate letter coming from Aetna Medicare. Those affected by this change will also receive an Annual Notice of Change letter required by the Federal Government; this letter will state that your "plan is ending" but your plan is not ending but merely changing from PPO to ESA or vice-versa. As of January 1, 2019, Aetna will add 24 new network-based counties to its Medicare Advantage PPO service areas.

## DENTAL PLANS AND PRICING

There will be no change in plan design for 2019. Aetna continues to offer two plans: PPO and DMO. The premium rates for the PPO will be unchanged while the DMO premium rates will decrease by 5%.

## 2019 ANNUAL ENROLLMENT AND COMMUNICATIONS TIMELINE

<u>Communication/Event</u>	<u>Timing</u>
Annual enrollment kits mailed	Late October
Annual enrollment opens Enrollment portal opens Aetna Benefits Center begins taking questions	November 5
Annual enrollment period ends	November 16
Confirmation statements mailed	End of November
Annual Notice of Change Letter	December
ID cards mailed *	Late December

\* most Medicare retirees will receive new ID cards

As in the past, the Annual Notice of Change Letter will be mailed as required by the Federal Government. This usually causes some confusion; however, as we have indicated in the past, this letter has no effect on your enrollment process. Accordingly, please proceed with your enrollment without regard to this letter.

The 2019 enrollment will again be passive; 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 2018.

As always, please check your mailboxes often, thoroughly read all material you receive and contact the Aetna Retirement Service Center with any questions before completing your enrollment. The phone number to use is 1-800-AETNA-HR (1-800-238-6247). If, after attempting to rectify any issues on your own, you still need assistance, you may contact us at ARA.

## **2019 COLA INCREASE 2.3% AETNA, 2.8% SOCIAL SECURITY**

The September, 2018 Consumer Price Index (CPI) figure was released by the US Department of Labor Bureau of Labor Statistics (BLS) on October 11, 2018. Therefore, we can calculate the 2019 Cost of Living Adjustment (COLA) for Aetna and for Social Security.

The CPI itself is a raw index number, not an inflation percent. It reflects price increases since 1982-84, where the cumulative increase is now over 246%. When you divide the CPI increase or decrease for the current year by the CPI for the prior year, you get the familiar annual inflation percent. Both Aetna and Social Security utilize Consumer Price Index CPI-W for Urban Wage Earners and Clerical Workers to calculate the COLA. However, they utilize a somewhat different methodology, which can produce differences in the COLA:

- Aetna compares the current year [2018] standalone month of September CPI to the prior year [2017] standalone month of September CPI, whereas
- Social Security compares the current year [2018] average for the 3rd Quarter (July, August & September) CPI to the prior year [2017] 3rd Quarter (July, August & September) average.

Utilizing the standalone month of September vs. a three month average usually produces different COLA adjustments. The 2019 COLA increase calculations show increases of 2.3% for Aetna and 2.8% for Social Security.

## **INFORMATION CONCERNING CVS PURCHASE OF AETNA**

At the present time, we do not have any definitive information concerning details of the CVS purchase of Aetna. When we do receive information which we are authorized to disclose, we will do so through a Newsletter Extra. In the meantime, please keep informed through newspapers, television and any other source of information you may have at your disposal.

Please bear in mind that we, at ARA, are not financial, tax advisers or attorneys. Accordingly, when we do release information, it will be general in nature. Once this deal is finalized, and, given that all individuals' financial and tax situations are unique to them, we suggest you may wish to seek the help of professionals, if necessary, to determine the best financial alternatives for your individual situation.

## **THANKING MARILYN WILSON**

Our current Newsletter Editor is Marilyn Wilson. She has been a member of ARA since day one and has helped create, edit and finalize our newsletters for many years. Her expertise in grammar, punctuation, spelling and writing has been invaluable to ARA. Marilyn has decided to "semi-retire" from her full-time position as editor. Accordingly, effective immediately, Marilyn will become Editor Emeritus and Sharon Reed will replace her as Editor of our newsletters.

All of us at ARA thank Marilyn for her tireless work and attention to the task of making our newsletters as fine a product as we could.

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](http://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.

*Sharon Reed, Editor*

*Marilyn Wilson, Editor Emeritus*