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News

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STICKER SHOCK!!!!

Calculation Errors and the Cap Combine to create Frustration

Everybody knows that the cost of health insurance is rising fast; far faster than the inflation rate and faster than most incomes. That's bad news for the economy, and bad for everyone buying health insurance.

These increases are especially painful for Aetna retirees whose benefits fall under the cap. Once they reach the cap, all future rate increases will be paid by the retiree. For a detailed look at how the cap is applied, see the ARA News dated November 2006, Volume III, Edition 3. It is available on the ARA web site, www.aetnaretirees.com.

The frustration was compounded for some members because of Aetna errors in calculating rates. Aetna did not discover the errors until retirees called to challenge what seemed like impossibly large rate increases. The errors occurred in calculations for retirees in the post 1999 group who have "access only", no company subsidy; and for retirees in the 1994 – 1999 group in certain plans, see below.

Retirees who will receive rate corrections:

1. Retirees who terminated after 1999 and retirees with "access only" rates, who are in the Traditional Choice® Indemnity plans (with or without prescription coverage) for 2008.
2. Retirees who terminated from 1994 through 1999 and are in the following plans for 2008:
 - Aetna Medicare Rx PlusSM
 - Traditional Choice® Indemnity plan
 - Traditional Choice® Indemnity plan with Aetna Standard Medicare RxSM
 - Traditional Choice® Indemnity plan with Aetna Medicare Rx PlusSM
 - Aetna Medicare OpenSM Plan with MedicareRx Plus
 - Aetna Medicare OpenSM Plan with Preventive Dental and with Medicare Rx PlusSM.

Aetna has taken full responsibility for the errors and will extend the enrollment period for impacted retirees to the end of the year. ARA appreciates the positive response to the problem.

Patience needed in Dealing with Aetna

This latest round of problems illustrates the need for patience in dealing with Aetna. Despite what we believe to be a concerted effort by the benefits staff to deliver quality service, the products and processes are complex with many hands touching them. It is not difficult to see how Gremlins can sneak in.

We urge members to be as patient as possible, and to remember that, even in the "Old Aetna", a few errors were inevitable. At the same time, we also urge members to read material from Aetna carefully and to take necessary action steps. If something does not seem right, use the internet or call Aetna to get more information or to challenge what seems wrong. In the case mentioned above, there were errors that required fixing. Also, please keep ARA posted on problems and resolutions (or issues you cannot resolve directly with Aetna).

ARA very much appreciates the initiative taken by a number of members in calling these errors to our attention. While ARA was given an advance look at the new

enrollment program, it did not see the rate calculations for individuals. That would have violated privacy restrictions. It is only when individual members have a chance to look at their own packages that such errors can be detected.

When errors are suspected or detected, ARA calls the individual situations to the attention of the Aetna benefits staff. In this case, contacts by retirees directly to Aetna or through ARA resulted in the errors being found and fixed.

Are Rate Increases Fair?

Now here's a far more complex question. We are sure that Aetna would see them as fair. We understand that retiree accounts are experience rated, but we want to learn exactly how this is done. The devil is always in the details, and ARA plans to ask Aetna about those details.

Retirees are a captive audience and a liability to Aetna management. As you well know, the company has, in the past, taken steps to minimize that liability. As watchdog on all retiree benefits, it is the role of ARA to be sure that retirees are being treated fairly and getting what they were promised.

CONTACT ARA!

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

Dave Smith, Editor