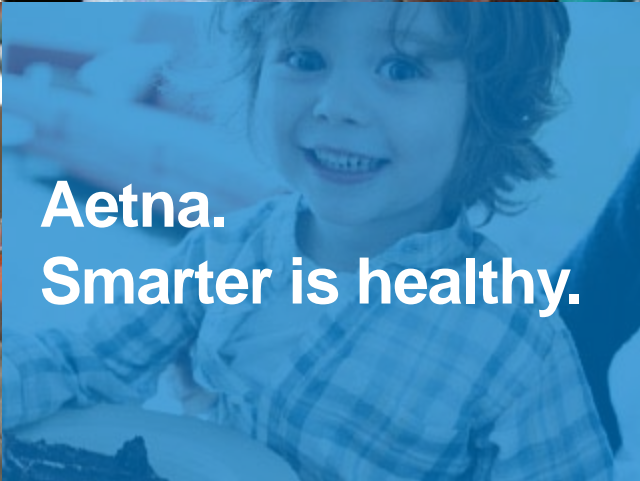




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Consumer-directed health care

- ▶ **Help** members become **better health care consumers**
- ▶ **Engage** members in the process
- ▶ Enable **behavior change**
- ▶ **Support** doctor-patient **relationships**
- ▶ Provide **personalized** information
- ▶ **Make connections** for optimal health



Supporting consumer engagement

- ▶ High-deductible health benefits and insurance plans, Health Reimbursement Arrangement*, Health Savings Account*
- ▶ Aetna performance networks
- ▶ Decision tools for value-based purchasing





Supporting consumer engagement (cont'd)

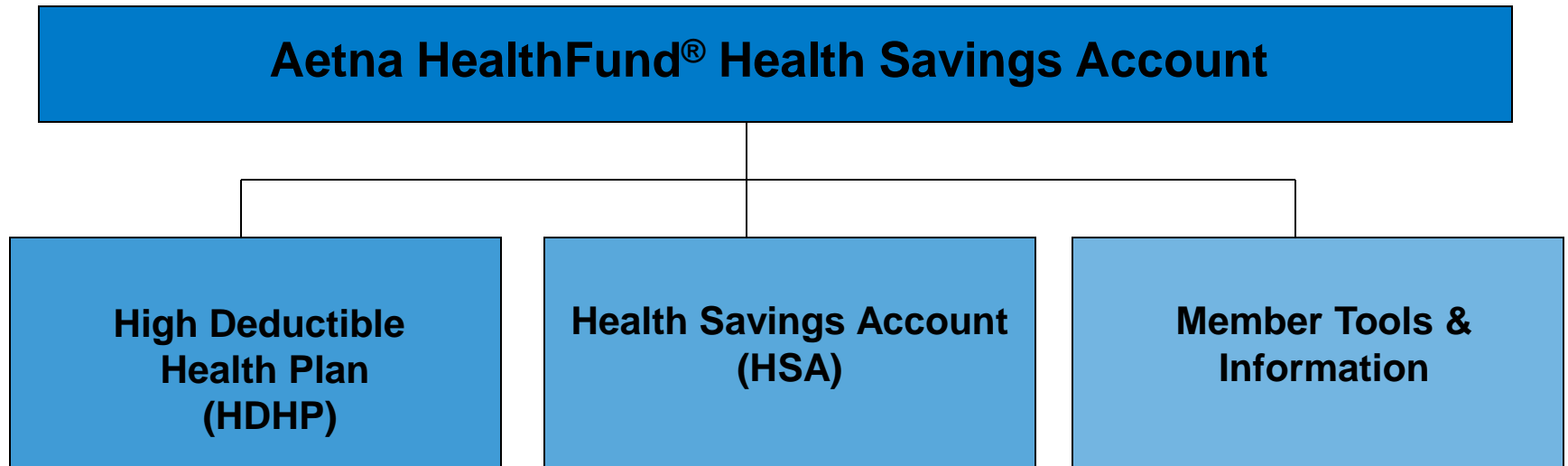
- ▶ Ways to encourage members to take an active role in managing their health
- ▶ Health care transparency
- ▶ Integrated care management
- ▶ Effective communications and education

*HSAs are currently not available to HMO members in California and Illinois. HRAs are currently not available to HMO members in Illinois.



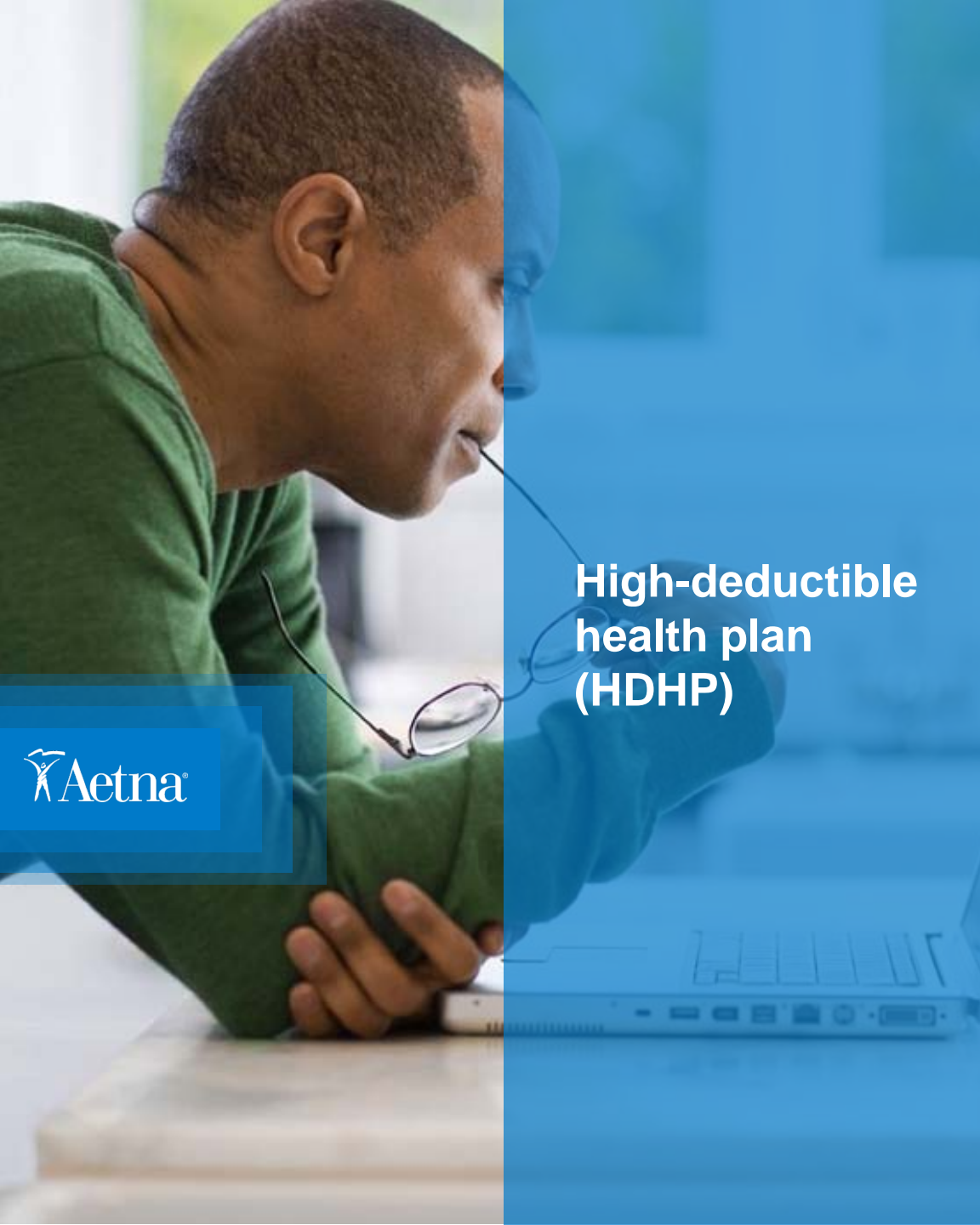
Aetna HealthFund HSA*

Three Components



* HSAs are currently not available to HMO members in California and Illinois.





High-deductible health plan (HDHP)

Aligning health and financial incentives

- ▶ Empower employees with information and financial responsibility to support ownership
- ▶ First-dollar coverage for preventive care with no deductible
- ▶ Employees are responsible for health expenses until deductible met (except preventive care)
- ▶ Out-of-pocket maximum limits medical costs exposure



Aligning health and financial incentives

- ▶ Empower employees with information and financial responsibility to support ownership
- ▶ Employees can pay for qualified expenses today
- ▶ Employees can save for future health-related costs

* HSAs are currently not available to HMO members in California and Illinois.

High-deductible health plan (HDHP)





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HDHP requirements

- ▶ Minimum annual deductible \$1,200 individual / \$2,400 family*
- ▶ Annual out-of-pocket maximum \$5,950 individual / \$11,900 family*
- ▶ HDHPs can have first-dollar coverage (no deductible) for preventive care



HDHP requirements

- ▶ All other covered benefits for medical services must apply to plan deductible, including Rx
- ▶ Dental benefits, discount plans can be offered separately
- ▶ *For 2011 - subject to COLA (cost of living adjustment) in future years. Deductible limits based on in network. Deductibles cross-apply (in and out of network).

HDHP: Common plan design features

HDHP deductibles*	Average out-of-pocket maximums
Individual range: \$1,200-\$3,000 Commonly used: \$1,200/\$1,250/\$1,500/\$2,000	Individual range: \$1,250-\$5,800 Commonly used: \$2,500/\$3,000/\$5,000
Family range: \$2,400-\$10,000 Commonly used: \$2,400/\$3,000/\$5,000	Family range: \$2,500-\$11,600 Commonly used: \$5,000/\$7,000/\$8,000/\$10,000

- * For 2011 - subject to COLA (cost of living adjustment) in future years. Deductible limits based on in network.
- Deductibles cross-apply (in and out of network).



HDHP: Common plan design features (cont'd)

- ▶ **Coinsurance levels (in network/out of network):**
 - ▶ 80 percent/60 percent
 - ▶ 90 percent/70 percent
- ▶ **Preventive care covered at 100 percent**
- ▶ **Tiering:**
 - ▶ Standard is 2-tier (individual or family)
 - ▶ Each tier has a deductible that can be met by one or any combination of family members



What is a Health Savings Account (HSA)?

- ▶ Owned by an individual; portable, not forfeitable
- ▶ Used with an HDHP
- ▶ Not an insurance product
- ▶ Contributions are tax free and reduce taxable income
- ▶ Earns interest tax free
- ▶ Qualified withdrawals are tax free
- ▶ Use today or save for future and retirement
- ▶ HSAs are currently not available to HMO members in California and Illinois

A tax-advantaged savings account for qualified health care expenses



HSA Contributions

Contributions by anyone — individual, employer, eligible family member or combination:

- ▶ Payroll deduction (if offered by employer)
- ▶ Cash, checks, money orders via lockbox
- ▶ EFT (pull directly from accountholder's non-HSA account)
- ▶ Rollover/transfer from IRA**, MSA or other HAS
- ▶ Maximum total contribution = \$3,050 individual/\$6,150 family***



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HSA* Contributions (cont'd)

- ▶ Catch-up contributions for ages 55 plus:
 - ▶ \$1,000/year
 - ▶ No contributions permitted if Medicare enrolled

* HSAs are currently not available to HMO members in California and Illinois.

** One-time transfer from IRA up to permitted annual HSA contribution limit

*** For 2011 - Subject to COLA in future years



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HSA* Employer Contributions

- ▶ Plan sponsor options for employer contributions or employee payroll deduction
 - ▶ Bulk ACH** debit (pull)
 - ▶ Bulk ACH credit (push)
 - ▶ FedWire
 - ▶ Lockbox deposits of paper checks (wholesale)
- ▶ Lump sum or prorated over course of the year

* HSAs are currently not available to HMO members in California and Illinois.

**ACH = Automated Clearing House



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HSA* Withdrawals

- ▶ Tax-free for qualified expenses (IRS defined):
 - ▶ Non-qualified withdrawals are taxable, plus 20% penalty
 - ▶ No withdrawal penalty for Medicare-eligibles, or upon disability or death
- ▶ Permitted even if not eligible to contribute:
 - ▶ Medicare enrolled
 - ▶ No longer enrolled in HDHP



HSA* Withdrawals (cont.)

- ▶ Balance remains available to spouse upon employee death
- ▶ Not for insurance premiums, with some exceptions
- ▶ Individual is responsible for following contribution rules/limits and using HSA funds for qualified expenses

* HSAs are currently not available to HMO members in California and Illinois.



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HSA* Withdrawal Vehicles

HSA Visa[®] debit card**

- ▶ Issued to all HSA accountholders (no fee)
- ▶ Payment up to available HSA funds at time of withdrawal
- ▶ Can be used:
 - ▶ To reimburse all or part of accountholder's qualified expenses
 - ▶ At point-of-sale locations and select ATMs



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HSA* Withdrawal Vehicles (cont.)

- ▶ HSA checkbook**
 - ▶ Accountholders can request checks for a fee
- ▶ HSA AutoDebit
 - ▶ Easy automatic payment for qualified health care expenses directly from HSA
 - ▶ No additional cost or fees
- ▶ Online Bill Payment**
 - ▶ Easy way to pay for medical expenses directly from HSA
 - ▶ Once enrolled, can monitor, manage and schedule payments online, anytime

* HSAs are currently not available to HMO members in California and Illinois.

** HSA administrative fees may apply



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Evolving CDHPs – 2012 and beyond

2011	2012 Planned Enhancements	Future Vision
<ul style="list-style-type: none">▶ 'Ask Ann' enhancements to support Member Payment Estimator and other tools▶ Generate estimates for non-participating physicians to better understand cost differences▶ Quality components for hospital tiering (for 2012)▶ Aexcel redesign to drive additional savings (for 2012)	<ul style="list-style-type: none">▶ Reference-based pricing for select procedures and locations▶ HSA balances on Aetna Mobile▶ Domestic Medical Tourism program for select cardiac and ortho procedures (limited roll-out)▶ Total Care Management Model – limited basis with full launch 2013▶ Care Management social networks with peers▶ Clinical team engagement through text and chat	<ul style="list-style-type: none">▶ Expansion of Schedule of Benefits/Reference-based pricing▶ Enhanced steerage to IOQ/IOE: Cardiac & Ortho▶ Lab steerage▶ Expanding specialties with physician tiering program▶ Robust outcome-based incentives



Aetna HealthFund®

Reinvigorate your bottom line

- ▶ \$21.5 million per 10,000 members over 5 years – that’s the savings reported in 2009 by companies who offered full-replacement HRAs or HSAs*
- ▶ Employers who offered AHF plans as an option reported savings in 2009 of \$9 million per 10,000 members over the five year period.*
- ▶ Manage / reduce total costs*
 - 7% lower total medical costs
 - 14% lower Rx costs
- ▶ Increase use of preventive services*
 - Spend 12% more and get it more often
 - 11% higher utilization of routine physician care
- ▶ Increase member engagement*
 - Twice as likely to use online tools such as cost and benefit information
 - Twice as likely to use take a health assessment

Based on normalized allowed claim PMPM trends, annualized up to 5 years. Savings/10,000 = sum of PMPM savings over 5 years * 12 * 10,000

* Source: Aetna HealthFund® Seventh Annual Study Results, released December 2010. Savings are based on the results for full replacement cases and are comparing an Aetna PPO plan to a CDHP plan.



HSA/HDHP Enrollment (Covered Lives), March 2005 to January 2011

	March 2005	January 2006	January 2007	January 2008	January 2009	January 2010	January 2011
Individual Market	556,000	855,000	1,106,000	1,502,000	1,832,000	2,053,000	2,358,497
Small-Group Market	147,000	510,000	1,057,000	1,816,000	2,429,000	2,970,000	2,779,208
Large-Group Market	162,000	679,000	2,044,000	2,777,000	3,752,000	4,986,000	6,299,460
Other Group*	88,000	247,000	291,000	13,000	*	*	*
Other**	77,000	878,000	34,000	10,000	**	**	**
Total	1,031,000	3,168,000	4,532,000	6,118,000	8,013,000	10,009,000	11,437,165

Sources: AHIP Center for Policy and Research, 2005–2011 HSA/HDHP Census reports.

* For this census, companies reported enrollment in the large- and small-group markets according to their internal reporting standards, or by state-specific requirements for each state. The "other group" category contains enrollment data for companies that could not break down their group membership into large- and small-group categories within the deadline for reporting.

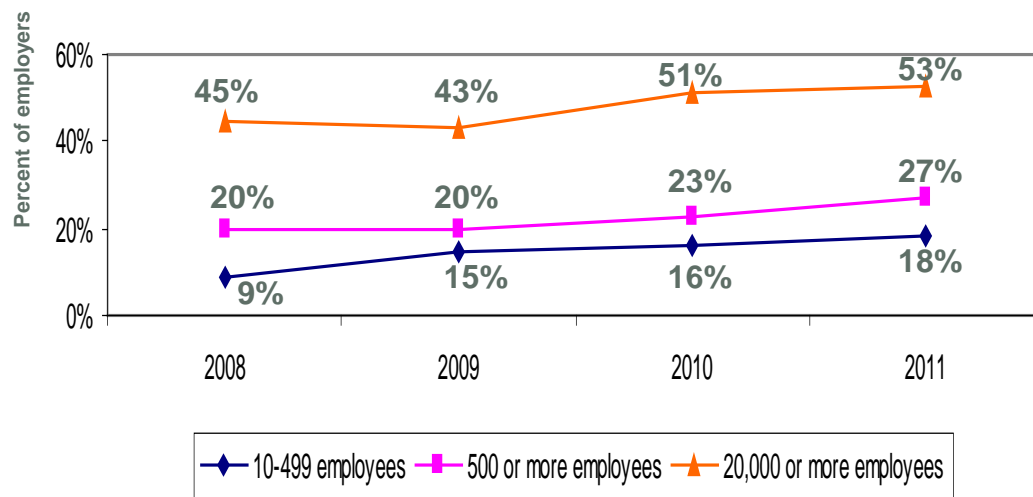
** The "other" category was necessary to accommodate companies that were able to provide information on the total number of people covered by HSA/HDHP policies but were not able to provide a breakdown by market category within the deadline for reporting.

Consumer Directed Health Plans

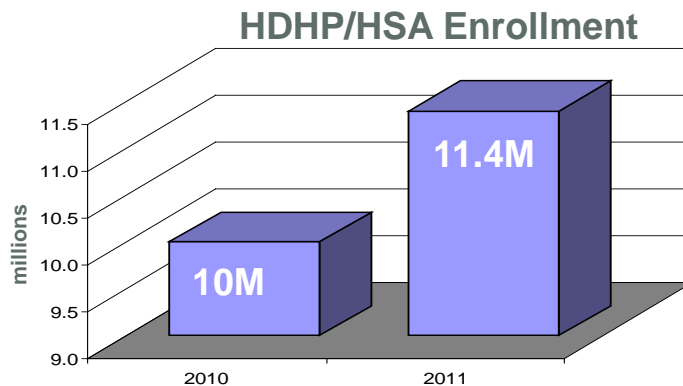
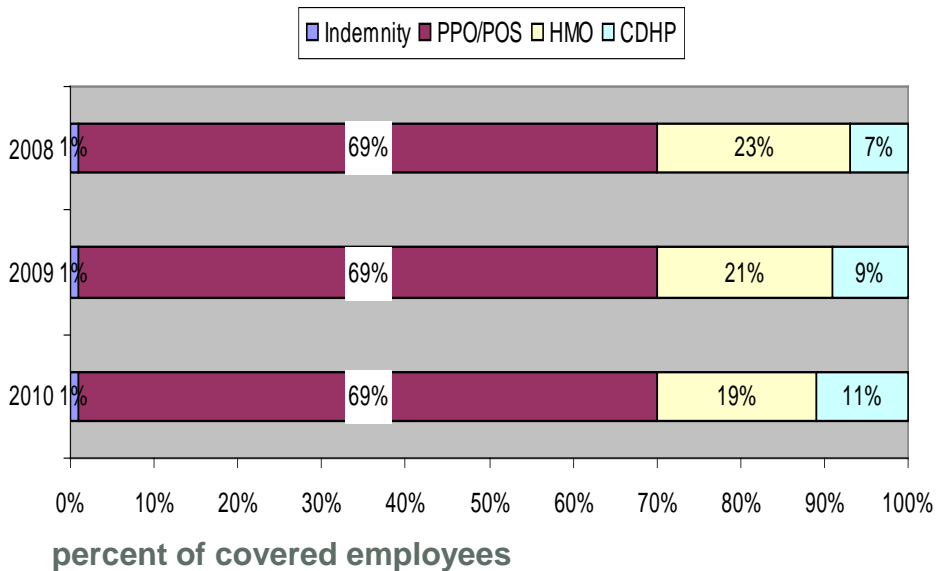


- Among top 22 Managed Care Organizations, HRA grew 20% and HDHP/HSA 17% with HSA enrollment exceeding HRA in this subset of MCOs (Year-end 2010).*

Percent of employers offering/likely to offer CDHP



National employee enrollment, 2008-2010

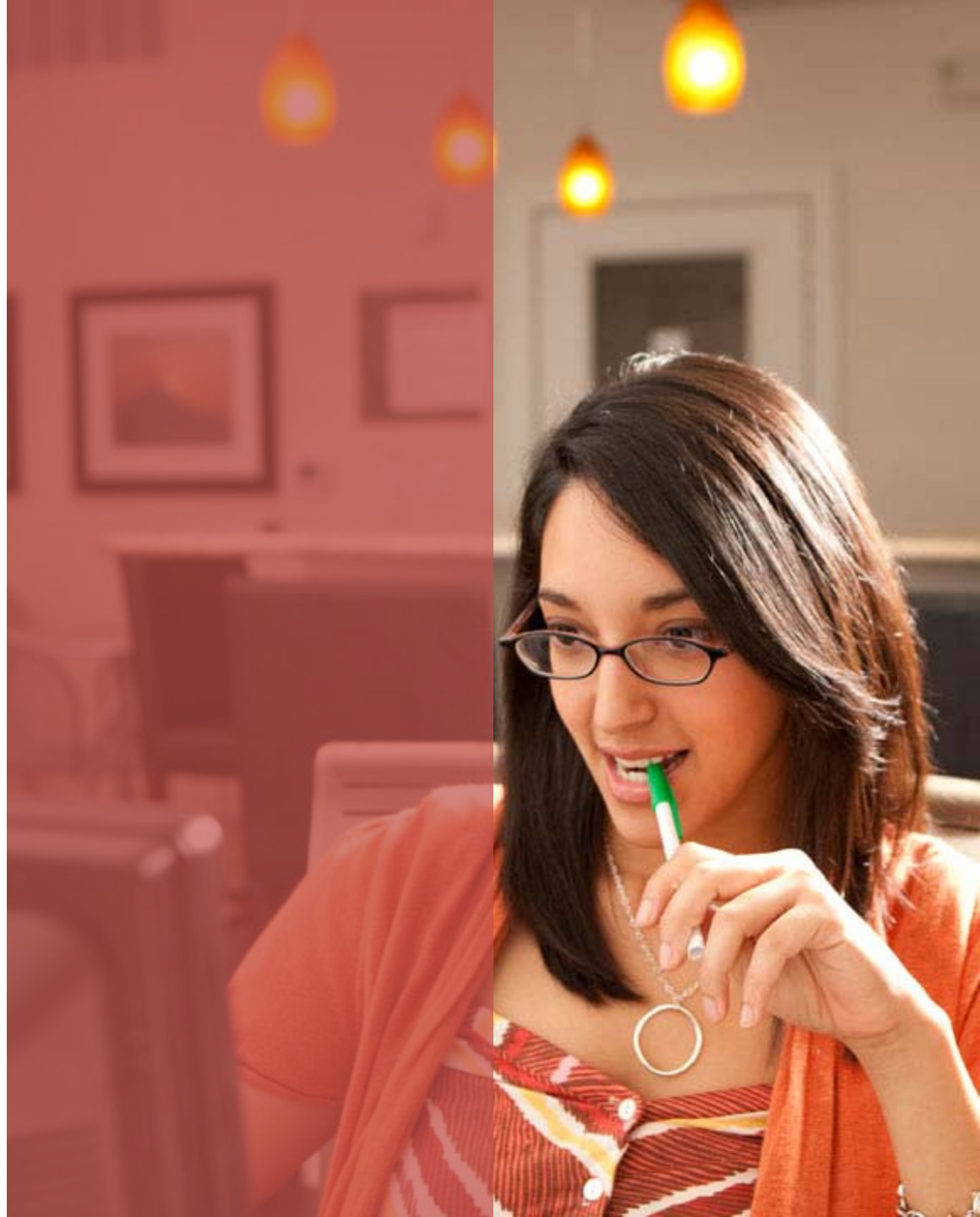


CDHP enrollment grew by 22% in 2010 to 28M up from 23M in 2009.



Accountholder tools

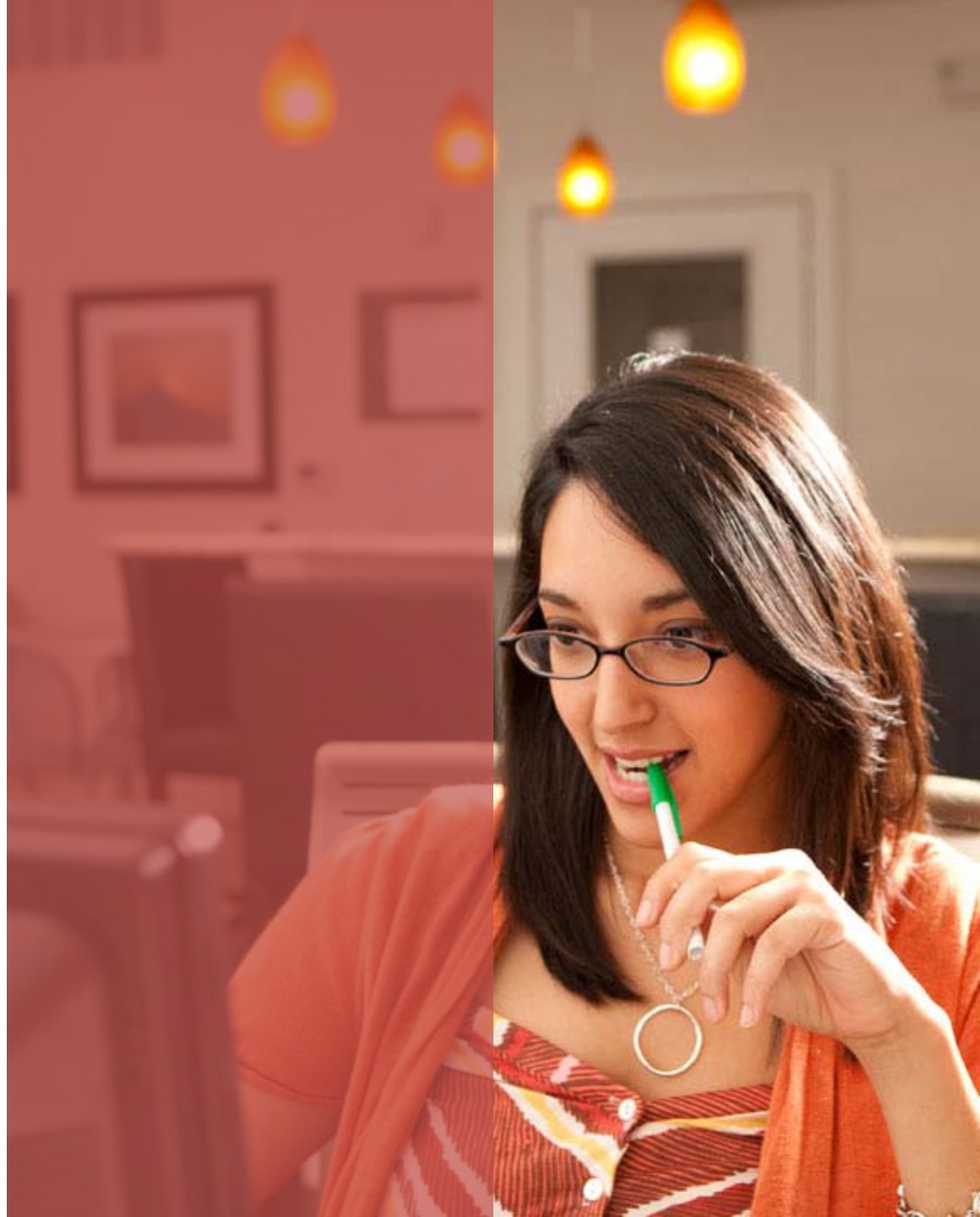
- ▶ 24/7 access to account balances and activity via Aetna Navigator
 - ▶ Monthly view for all transactions
 - ▶ Monthly and YTD view for contributions, withdrawals and interest
 - ▶ Online statements are printable





Accountholder tools (cont'd)

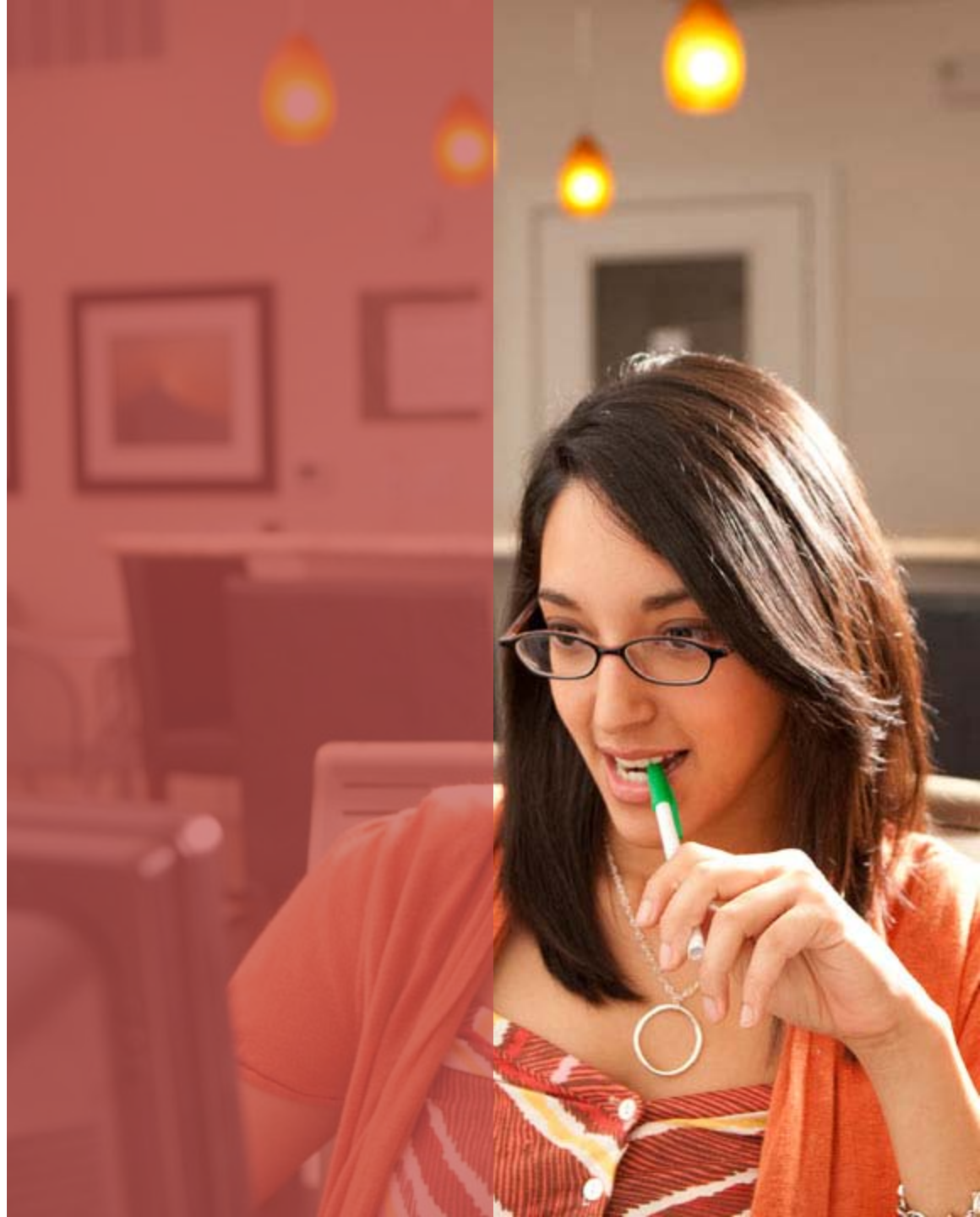
- ▶ HSA Maximum Contribution Tool
- ▶ HSA Savings Calculation Tool
- ▶ Plan Selection & Cost Estimator Tool Presentation
- ▶ Award Winning HSA Online Video (www.aetna.com/hsa/videopre)





Accountholder tools (cont'd)

- ▶ Monthly paper statements available upon request
- ▶ Form 1099-SA (distributions) and Form 5498-SA (contributions) reported to accountholders annually per IRS guidelines
- ▶ Customer Service
 - ▶ Medical claims and HSA questions handled through the same toll-free number



Engaging your employees and enabling behavior

- ▶ Create understanding, acceptance and participation
- ▶ Takes a communications and education strategy
 - ▶ Four phases — for every stage of the health benefits experience
 - ▶ We provide member tools and materials to help you



1

2

3

4

Before enrollment

- Engage Management
- Introduce concepts and value
- Employee role

Enrollment

- Inform for action
- Educate
- Emphasize accountability

Start of plan year

- Reinforce/sustain
- Remind
- Update

Ongoing support

- Motivate employees
- Keep them engaged
- Reintroduce resources



What you get from Aetna

- ▶ **A variety of ways** to control your overall benefits costs
- ▶ **Focus** on employees for improved health and productivity
- ▶ Benefit administration **you can count on** using latest technology
- ▶ Data and analytics that we monitor today to help **prepare you for the future**

A smiling male doctor with a goatee, wearing a white lab coat over a light blue shirt and a grey tie. He is holding a pink folder. The background is a clinical setting with a patient lying on a table and a window with greenery outside.

Your benefits strategy is an investment

Online Tools & Information Meet your employees at teachable moments



- ▶ Provide your employees with the online tools they need to shop around, make informed decisions and become smarter consumers
 - Out-of-pocket estimates for health care costs prior to accessing care
 - Physician price, clinical quality and efficiency information
 - Cost and quality information for hospitals and other facilities

Successful CDHP Strategy

Six components working together





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