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News

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John Perra Replaces Bob Quinn as ARA Chairman

Proposal to put Retiree on Aetna Board Fails

Once again, ARA is only Stockholder Speaker at Aetna Annual Meeting

John Perra was elected Chairman of ARA at the quarterly board meeting April 16. Perra enjoyed a 29 year career with Aetna in systems and the Employee Benefits Division. Among several key positions in health insurance, pension and corporate systems, he headed the technical aspects of the Aeclaims project and retired as vice president, insurance systems. He has been an active member of ARA since its founding, and has been responsible for the shareholder initiatives and is active in state lobbying and legislative matters for ARA.

Bob Quinn resigned from the position as Chairman. Due to personal reasons, he was unable to continue in the demanding post. However, he has agreed to remain on the board and to serve as a recruiter.

Perra is the third chairman of ARA. John Dwyer provided the leadership to the organization from its inception until September, 2006 when he stepped down, remaining on the board as Chairman Emeritus. Quinn has occupied the post since September.

ARA is fortunate to have a wealth of ability and experience on its board, and can turn to veteran executives such as John Perra to carry on the important work of the organization.

Troy Shingleton Elected Secretary

Troy Shingleton, CPCU, was elected Secretary and a member of the board. He enjoyed a 30 year Aetna career in property and casualty including service in Wheeling, WV, Huntington, WV, Cape Girardeau, MO, St. Louis, Parsippany, NJ and the Home office. He spent a year at Travelers after that company purchased the business from Aetna. He is a native of West Virginia and a graduate of Shepherd College. He lives in Farmington. He replaces Brian Farrell who has served as acting Secretary since the resignation of Art Bradbury. Farrell will continue his duties as data base manager and membership coordinator.

ARA Proposal Fails

The Aetna Retirees Association's shareholder proposal to place a retired executive on the company board of directors was defeated in proxy votes and at the annual shareholders meeting in Grapevine, Texas on April 27. Such shareholder initiatives are usually opposed by company directors, and are very difficult to pass.

ARA was very ably represented at the annual meeting by Warren Azano, a member of the board of directors and chairman of the legislative committee. In speaking in favor of passage, Azano told the directors "The Aetna Retirees Association does categorically reject the stated reason for the company's opposition to the proposal – that the proposal calls for a director who would not represent the

interests of all shareholders. That is not what we intended and is not what the proposal says." Azano went on to point out that the proposal calls for "a director who would bring a unique perspective ... that would benefit all shareholders."

It is, of course, the objective of ARA to provide perspective, not to advance special interests. "Our intent was and is to advance Aetna's business interests," Azano said. "Particularly since the implementation of Medicare Part D, many of Aetna's products are marketed to retirees – but as over 75 million baby boomers retire, as the nation struggles to finance the Medicare trust fund and address retirees' needs, and as Congress and others increasingly scrutinize Medicare, financial structures and markets will evolve – and companies will have to be at the top of their game to maximize profits. Just in the last week, the trustees of the Medicare and Social Security Trust Funds issued what I understand is the first "Funding Warning" for the Medicare Trust fund, which requires the Bush Administration to submit recommendations to Congress as to how to address the funding shortfalls. This will further increase scrutiny of the program." Azano also cited Aetna's recent agreement to work with AARP.

Azano said that Aetna has, at times, "demonstrated a surprising insensitivity to retirees' concerns" when dealing with its own retirees and said that Aetna needs to do a better job when dealing with its retirement markets.

Addressing the objection to having a board seat reserved for a special group, Azano reminded the directors, "I recall a time, perhaps 25 years ago, when women and minorities were first being added to the boards of most large publicly-held corporations. Companies wanted to ensure that they had at least one woman and one minority on their boards. ... Looking back to those days, however, I would not – and

I'm sure you would not – suggest that those board members represented just women or just minorities. Similarly, we are not proposing that an Aetna retiree would represent just Aetna retirees or focus just on retiree issues. Rather, we believe that, just as women and minorities at that time may have had perspectives that other board members did not have, a retiree could provide real value added by having perspectives other current Board members do not have. Because many of Aetna's products are marketed to seniors, we think this would prove very beneficial to Aetna."

Azano reminded the directors that the ARA has worked in cooperation with Aetna on such things as the Maine/Dirigo issue, and the rollout of the new Aetna Medicare Open product, although the latter has, once again, shown Aetna's insensitivity to retiree needs.

In responding to the ARA proposal, Aetna Chairman, CEO and President Ronald A. Williams simply stated that the board opposed the resolution for the reasons published in the proxy statement.

A second shareholder proposal was also defeated. It called for cumulative voting for directors and has been on the agenda in past meetings. It was submitted by shareholder Evelyn Y. Davis who was not present.

ARA Asks Questions

Your ARA took advantage of the question session to ask about two other issues. Azano asked why, in the light of sparse attendance, the company continued to hold board meetings far from the Hartford Home Office. Once again, the 2007 meeting drew only a handful of investors. Azano was the only shareholder to speak. The 2005 meeting was held in Philadelphia and the 2006 meeting in Lake Buena Vista, Florida.

Chairman Williams responded that the company is a national business and

would continue to take the meeting to other "geographies".

In light of sparse attendance and additional expense, ARA believes that this is an unwise use of shareholder money. We would far prefer to see the meetings held in Hartford where the company auditorium was usually packed for the event.

Azano also asked Chairman Williams about the new Aetna Medicare Open Plan, and its impact on company profits. Azano also asked for assurances that "the elderly will not end up as victims of this privatization of Medicare". When Aetna announced the new plan it was presented as an upgrade with extra benefits and a somewhat lower premium. In fact, it takes retirees out of Medicare and allows Aetna to pay less for certain services thereby increasing costs to retirees.

Chairman Williams responded by saying that the impact on profits would be felt in 2008 but did not comment on how much, nor did he offer any assurances that retirees under these new PFFS plans would not be disadvantaged.

Problems Remain With New Open Plan

We would love to report to you that all is well in hand with the new Aetna Medicare Open Plan rollout, but that simply is not true. Only this week we found several members who still had not received new identification cards. In another case, the company seemed to be imposing a new 2007 deductible despite the fact that the deductible had already been met under the traditional indemnity plan.

Some members are still in limbo while company employees attempt to persuade providers to accept the plan. An elderly retiree was more than a little shocked to discover that his post April 1 hospitalization would not be 100% covered as it would have been under Medicare; he will be stuck with 20% of the bill.

ARA members have played an important role in keeping us informed of problems as they surface. In turn, ARA passes these issues along to the Aetna benefits staff. The process is painful but seems to be slowly producing results.

ARA has many issues about health coverage before Aetna on behalf of retirees, and we are trying to get answers to as many of you as possible as quickly as possible. Unfortunately, some of these answers are very slow in coming. Aetna explains that it is because of the large number of accounts that are being transferred to the new Aetna Open product simultaneously, and that the Aetna systems should catch up within a few months. That clearly requires enormous patience on the part of all of us who are insured, but we are told by Aetna that all the inconsistencies, incorrectly charged co-pays and deductibles and missing documentation will catch up and be resolved eventually.

We are in the process of arranging another meeting with Aetna personnel to address questions and issues about the new Open Plan, the option to return to Original Medicare and Aetna Indemnity, and the planning for the 2008 enrollment period. Please send along your thoughts about items that should be on our agenda.

Strength in Numbers

Your membership in ARA is important in three ways. First, the more members ARA can speak for, the more likely we are to be listened to. United, we stand strong! Secondly, your annual dues give us the working capital we need to operate. Donations above the basic amount are especially appreciated.

The third benefit goes to you; a strong representative of your interests, a voice in your affairs, and information you need to evaluate changes. Many members have been kind enough to tell us that what we do helps them. The road has been bumpy even with ARA. Without ARA's efforts? Well, you fill in the answer to that!

If you have received notice that you are up for renewal, please do. If you can afford to write a check for some additional, we will very much appreciate that. If you cannot afford to write a check, renew anyway – your membership is more important than the money. Anyone who cannot afford the dues but wants to be a part of ARA is welcome.

Finally, become a recruiter for ARA. Urge your former coworkers and friends who are not members to join. United we stand – and strong!

CONTACT ARA!

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

Dave Smith, Editor