

# Aetna is committed to achieving the right kind of health care reform



The problem is ...	What we want and how we can get there ...
<p>There are 46 million uninsured people in the U.S. today.</p> <ul style="list-style-type: none"> <li>Of the 46 million uninsured, 11 million are people who are eligible for public programs, but haven't enrolled and may not know they are eligible.</li> <li>About two-thirds of the individual and 2-10 small group employer markets are uninsured.</li> <li>The cost of covering the uninsured adds an average 8% to premiums each year (\$368 for individual, \$1,107 for family coverage).</li> </ul>	<p>Get and keep everyone covered.</p> <ul style="list-style-type: none"> <li>Guaranteed coverage for people with pre-existing conditions.</li> <li>A personal coverage requirement to get everyone into the system.</li> <li>Develop tailored solutions to help the individual and under-10 person small group markets.</li> <li>Discontinue rating based on a person's health status or gender.</li> </ul>
<p>The health of Americans is deteriorating, and health care costs are rising. The current system focuses on treating illnesses.</p> <ul style="list-style-type: none"> <li>Half of all Americans are living with a chronic disease.</li> <li>In 2005, more than 75% of all the money spent on health care was spent on the treatment of chronic diseases.</li> <li>Medical costs for the obese are increasing; last year, costs were approximately \$147 billion.</li> </ul>	<p>Reduce health care costs and improve quality.</p> <ul style="list-style-type: none"> <li>Reorient the health care system toward prevention, value and quality of care to keep people healthy.</li> <li>Focus on paying providers for improved quality and health outcomes rather than on volume or activity.</li> <li>Institute clinical decision support tools to help clinicians better manage patients' care.</li> </ul>
<p>Almost half of what the U.S. spends on health care is waste.</p> <ul style="list-style-type: none"> <li>Increasing health care costs are the second highest expense for American employers, behind salaries.</li> <li>Waste is created by uneven use of evidence-based medicine, underuse of health information technology and defensive medicine.</li> </ul>	<p>Leverage the strengths of the employer-based system that covers 177 million Americans.</p> <ul style="list-style-type: none"> <li>A bipartisan approach to health care reform.</li> <li>Invest in health information technology, similar to Aetna's \$1.8 billion investment since 2005.</li> <li>Implement administrative reforms to slash paperwork and reduce medical errors.</li> </ul>
<p><b>If we do nothing ...</b></p> <p>U.S. health care costs were \$2.2 trillion in 2007, or 16% of our gross domestic product — roughly the same amount as the <b>entire GDP</b> of Germany or England. In 8 years, it is estimated we will spend \$4.4 trillion on health care expenses (or 20% of GDP). This is <b>double</b> what we spent just two years ago. However, we've found that all this increased spending does nothing to improve health care outcomes. In 2000, the World Health Organization ranked the U.S. health care system as the highest in cost, first in responsiveness, 37th in overall performance, and 72nd by overall level of health (among 191 member nations included in the study).</p> <p>Increasing health care costs will mean that even more people will become uninsured or underinsured.</p>	

## Putting profits into perspective

Health insurance premiums do not drive health care costs. Rather, the increasing costs of health care (including additional services/procedures/tests, advances in medical technology and cost-shifting from public programs) drive up the costs of health insurance premiums.

Industries by 5-Year Average Net Profit Margin	
Industry	Profit Margin
Application Software (e.g., Microsoft)	22.5%
Pharmaceuticals (e.g., Pfizer)	18.4%
Oil and Gas (e.g., ExxonMobil)	9.5%
Medical Products and Equipment (e.g., Boston Scientific)	7.7%
Health Insurers (e.g., Aetna)	5.3%

With health care spending at \$2.2 trillion in 2007, health insurance industry profits represented less than 1% of the total (or approximately \$13.6 billion):

- \$2.2 trillion — total U.S. health care spend (2007)
- \$1 trillion — waste in the system
- \$200 - \$300 billion — cost to cover the uninsured
- \$80 billion — top 10 pharmaceutical company profits (2008)
- \$13.6 billion — top 10 health insurer profits (2008)

We pay as much in taxes as we make in profit. Much of our profit is reinvested in members' health programs and IT initiatives (e.g., Aetna invested \$1.8 billion in health information technology since 2005; 2.2 million members in our disease management programs).

To learn more, visit the "Transforming Health Care in America" page at: <http://www.aetna.com/about/america/>

