

AETNA'S PRIORITIES FOR HEALTH CARE REFORM

The national dialogue on health care reform is at a critical juncture. The President continues to engage all stakeholders in constructive debate and Congress has begun to draft reform legislation. Throughout it all, Aetna continues to be an active leader in the effort to achieve the right health care reform.

The following information presents Aetna's priorities for achieving workable health care reform. You can learn more about the issues, Aetna's position and how you can get involved by visiting: [Transforming Health Care in America at www.healthreformplan.com](http://www.healthreformplan.com).

Our Goal: Get Everyone Covered, Improve Quality and Provide Better Value

- Aetna has been a leading voice on how the country can achieve meaningful health care reform since April 2005, when the company became the first national insurer to advocate an individual insurance coverage requirement.
- We recognize great nations do not have 45 million people without health insurance coverage, and we know that we must address the rising cost of health care to make reform efforts succeed.
- Our goal is to get everyone covered, improve the quality of health outcomes, and provide better value for each dollar spent on care.

Health insurance is NOT one of the key drivers of health care costs

- Insurance premiums are directly tied to the cost of services in health care, including doctor, hospital and other provider costs.
- In 2007, the cost of health care services grew at a rate of 6.4 percent, resulting in overall average premium increases of 6.1 percent.
- Also in 2007, U.S. health care spending topped \$2.2 trillion, while the combined profits of the top ten health insurers were approximately \$12.9 billion (0.58 percent of the total health care spend in the U.S.).
- For Aetna, it means that for every dollar we take in, we make about 5 cents profit and pay about 3 cents in taxes. We reinvest much of that profit. For example, since 2005, we have invested more than \$1.8 *billion* in health information technology, and our members are seeing real value from that investment.

Key elements of reform

I. Avoid disruption of the current system, which is working for 177 million people

- We need to make the health insurance market work for everyone. As President Obama says, “If you like what you have, you should be able to keep it.”
- Whatever we do, we need to ensure we do not implement changes that adversely affect the ability of employers and employees to find affordable, high-quality choices for health care coverage.
- In a recent *New York Times* poll, 77 percent of Americans — an overwhelming majority — said they are happy with the coverage they have.
- It is important to allow people to keep what they have, not destabilize existing markets. Such actions could unintentionally cause higher premiums for consumers that many will not find acceptable or affordable.

II. Reform how we pay for health services – let’s pay for quality, not volume

- Making insurance affordable will require us to reform the payment system.
- Working with doctors, hospitals and employers, we continue to experiment with aligning incentives and payments to providers when they follow medically recommended care pathways, as determined by the various medical professions.

III. Make wellness and prevention a priority

- Refocusing our system toward disease prevention and promoting wellness promises better health for all Americans.
 - People with chronic conditions are the most frequent users of health care in the U.S. They account for 81 percent of hospital admissions; 91 percent of all prescriptions filled; and 76 percent of all physicians’ visits.
 - 91 percent of all diabetes cases, 80-90 percent of all heart attacks and 30-70 percent of all cancers are completely preventable through lifestyles changes.
- We believe that refocusing our system on wellness and prevention must include:
 - Developing an integrated, holistic approach to care management to allow for early intervention and education.
 - Using consumer engagement and targeted incentives to encourage healthful behavior and eliminate unhealthy behaviors.
 - Promoting coverage policies that encourage the use of high-value health care and address the needs of specific population segments.

IV. We must harness the power of health information technology (HIT)

- Harnessing HIT will enable complex health data to be turned into information that physicians and patients can use at the point of service to improve health outcomes.
- By using HIT tools, providers and patients can make better use of the right data, at the right time, to make quality care decisions. This “decision support” is a key component if we are to improve the system.
- HIT can facilitate vast improvements in health care experiences by offering patients a clearer picture of their own health, a more coordinated interaction with multiple health care providers and better, safer outcomes.

V. As we address market reform, our efforts should be focused on the biggest challenges – the individual and under-10 person small group markets

- Only about 35 percent of the people in these markets have access to insurance because of affordability concerns or pre-existing conditions.
- We believe that it is imperative to tailor solutions for this group without disrupting the entire insurance market, including:
 - guarantee issue of insurance aligned with a strong individual coverage requirement; subsidize those who truly need help and possibly those at high risk;
 - provide modified community rating for age, geographic location and family size, but remove gender and health status; and
 - allow for the design of benefit options that meet specific needs of consumers and small business rating completely.