Transcript of Exchange between Justin Danhof of the National Center for Public Policy Research and Aetna CEO Mark T. Bertolini

Aetna Shareholder Meeting
May 30, 2014

Audio on YouTube at http://youtu.be/ZbiNeTg-3CY

0:00
Justin Danhof: Hi, good morning, my name is Justin Danhof , I'm the general counsel for the National Center for Public Policy Research, today I'm representing my colleague Amy Ridenour, who is an Aetna shareholder.

Mr. Bertolini, back in January, the CMBC reported that, "Obamacare has failed to attract the uninsured, and that you personally offered a scenario in which Aetna could be forced to pull out of the program. " For exchanges-mixes could also increase the likelihood if we could of a taxpayer bailout of health insurance companies. As you know, Obamacare's risk corridor provisions require companies that make a profit on the exchanges to use some of those profits to help insurers who take a loss on the exchanges.

However, if there are more losers than winners, then the taxpayers must step in and help the insurers who have incurred losses. Thus far, the CBO predicts that the risk corridors wont' cost taxpayers any money, but the CBO has been wrong before, and after they made that score, in March, the Obama Administration proposed yet more changes to the ACA that may increase this potential bailout for insurers in 2015 by ballooning the amount that taxpayers may have to pay to insurers' company losses. Concerning these potential bailouts, you have stated that, "Whether or not there's a government bailout, because we lose some money on members, it is irrelevant to us from our standpoint of earnings. "

I'm here to tell you that this potential bailout is certainly relevant to the American taxpayers if they have to foot some of that bill. So my question is quite simply this: If the situation arises where Aetna qualifies for taxpayer money through the risk corridor provisions, can we get your promise that you will reject taking taxpayer's money?

1:38
Mark Bertolini: Well I think, Mr. Danhof, that you're referring to provisions within the ACA for reinsurance of the risk corridor adjustments - these protections are good for everyone insured through the exchanges and they are as good for you as our shareholders. On the reinsurance corridor provisions by financial protection for participating health plans - for only the first three years in the health insurance exchanges, in order to provide stability of those funds in those pools so that subsidies by the government won't have to be increased in order to take care of those that cannot afford general health insurance.

Should the exchanges attract mostly sicker people, these tools are necessary to help prevent large spikes in premiums, which create large spikes in subsidies.

The fees for reinsurance are collected from the employers at $63 per employee per year and are mutuals for the payout. So if the fund exists, it gets paid through that fund, and if it doesn't, anything in excess cannot be paid over the three year time period. So to the degree that there are funds available, and we believe we have reinsurance exposure, we would take it from those funds.

2:46
Justin Danhof: Ok, a quick follow-up, then, would be can we get your assurance that after three years, Aetna and the industry won't lobby to keep the program going?

2:55
Mark Bertolini: Well, that all depends on where the program is.

3:00
Justin Danhof: Ok.

3:02:
Mark Bertolini: So, what we want, we believe it is appropriate for those who can't afford insurance to get access to health care should be covered. And what we want is a stable program, and our whole aim is to improve the program so it can move forward, instead of making it more of a taxpayer funded program. That is our aim, and that is my aim personally, to make it a better program than where it is today. Thank you.