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aetna®

September 8, 2016

The Honorable Elizabeth Warren
317 Hart Senate Office Building
Washington, DC 20510

The Honorable Bernard Sanders
332 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Edward Markey
255 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
713 Hart Senate Office Building
Washington, DC 20510

The Honorable Bill Nelson
716 Hart Senate Office Building
Washington, DC 20510

Dear Senators Warren, Sanders, Markey, Brown and Nelson:

Your letter of September 8, 2016 makes several unfounded accusations about Aetna's intentions as they relate to the public health care exchanges and our proposed acquisition of Humana. In this highly politicized environment, it may be tempting to make such accusations rather than examine the forces creating an unsustainable public exchange marketplace, but they do not move us toward fixing the problem. Aetna will continue to be a positive voice for reforms that ensure every American has access to affordable, high-quality health care, and we will continue to play a leading role in trying to make the public exchanges a part of the solution.

A recent article by James Surowiecki in the September 5, 2016 edition of *The New Yorker* stated, "Aetna's decision reflects an awkward reality: the jerry-rigged, politically compromised nature of Obamacare has made the program unstable and unable to live up to its lofty promises." That "awkward reality" can be addressed through various legislative fixes, but in their absence, over 40 other payers of various sizes have chosen to stop selling plans in one or more rating areas in the individual public exchanges over the 2015 and 2016 plan years, collectively exiting hundreds of rating areas in more than 30 states. Similarly, of the 23 Consumer Operated and Oriented Plans established by the Affordable Care Act, 16 have failed and more are expected to close as a result of policies that are failing to create a sustainable marketplace.

In 2016, the vast majority of payers have seen an overall unsustainable imbalance in the individual-market risk pool driven by a number of exchange-related policies that deter healthier individuals from participating and leave a disproportionate share of members requiring high-cost, complex care. We remained optimistic as recently as the first quarter of this year about the viability of our participation on the public exchanges, but negative developments in the second quarter indicated what other companies had already experienced: the individual-market risk pool was rapidly deteriorating to an unsustainable level. The occurrence of those negative developments was the actual catalyst for our decision to reduce our footprint.

If unchecked, our losses would create an unacceptable risk to the company as a whole, impeding our ability to deliver cost-competitive health insurance products to other lines of business, including Medicare and Medicaid.

Aetna's decision to reduce its public exchange footprint is based on this marketplace reality. Our July 5th letter to the Department of Justice's (DOJ) Antitrust Division was a required written response to a June 28th Civil Investigative Demand on the potential impact a DOJ lawsuit in opposition to our proposed acquisition of Humana would have on our overall business strategy. As that letter states, the loss of deal synergies would have made continued extensive participation on the public exchanges challenging even without the negative developments in the second quarter. Those negative developments, however, were sufficient in and of themselves to necessitate our decision to reduce our footprint.

Going forward, we look forward to working with policymakers from both sides of the aisle to improve the sustainability of the public exchanges and create policies that can make our health care system better for all citizens, regardless of income.

Sincerely,

Mark T. Bertolini