



NATALIE BRASWELL
Connecticut State Comptroller

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**COMPTROLLER BRASWELL ANNOUNCES AETNA AWARDED NEW
MEDICARE ADVANTAGE CONTRACT, SAVING OVER \$400 MILLION**

Comptroller Natalie Braswell announced on Wednesday that Aetna, a CVS Health company, has been selected as the new Medicare Advantage administrator for the state health plan, pending successful negotiations, after a competitive bidding process. The new contract is estimated to save an estimated \$400 million over the next three years and reduce the state's unfunded liability by \$7.5 billion.

"This agreement ensures the retirees covered by the state health plan will continue to receive the care they need while securing tremendous savings, now and in the future, for Connecticut taxpayers," said **Comptroller Braswell**. "My office has been committed to aggressive and creative contracting, utilizing a reverse auction process over multiple rounds of negotiations to secure the best possible terms. I'm thrilled to see that work pay off with this agreement and I look forward to working with Aetna to give our retired workers the quality and dependable health care they deserve."

"Connecticut is a state that lives up to its obligations, including to our retired state workers," said **Governor Ned Lamont**. "That's boosting our standing with ratings agencies and contributing to our improved economic outlook. It's always been my belief that state government can keep its promises while saving taxpayers money through ingenuity and efficiency. This new contract award, and the impressive process that led to it, proves that's true. I offer my congratulations to Aetna, and gratitude to the representatives from the comptroller's office, my administration and labor for their diligent work during these negotiations."

The state first adopted a Medicare Advantage plan in 2018 to maximize Medicare coverage and provide continuous benefits to retired state workers, including critical preventive screenings. By utilizing a group Medicare Advantage plan, the state assumes fixed costs for administration. The finalized terms of the three-year contract are approximately \$400 million less than actuaries had projected, a 51% savings. Additionally, the savings are estimated to reduce the state's unfunded Other Post-Employment Benefits (OPEB) liability by approximately \$7.5 billion.

In the reverse auction process, each bidding company was scored and ranked across a number of important categories including pricing and service commitments. After each round of scoring, the

companies were given an opportunity to improve their bids to place higher. After several rounds of intense competition, Aetna was selected as the winner.

The same process was used by the Office of the State Comptroller in 2019 when it secured a precedent-setting pharmacy benefits contract with CVS Caremark that established innovative pricing guarantees and transparency for prescription drugs.

There are approximately 57,000 Medicare-eligible retirees and dependents enrolled in the state's Medicare Advantage plan. Several enrolled groups in the Connecticut Partnership Plan also offer Medicare Advantage coverage covering approximately 3,000 lives; savings for those members accounts for an estimated \$22 million over the span of the contract.

"Serving Connecticut's retirees builds on our nearly two-century relationship with the state, where thousands of CVS Health employees call home," said **CVS Health President and CEO Karen S. Lynch**. "We are excited to expand our relationship, leveraging a combination of Aetna and CVS Health assets to help meet the unique health care needs of Connecticut residents."

Aetna was selected as the winner of the contract by the Health Care Cost Containment Committee, a labor-management group that works collaboratively to set the parameters of the state health plan. The final contract is contingent on successful negotiations.

"It is important to address the rising costs of healthcare across our state, which is why as members of the Joint Health Care Cost Committee with the SEBAC Coalition we work to find solutions without increasing out-of-pocket expenses or changing anyone's healthcare plan, while also seeking out the most cost-effective solutions, saving the state money," stated **Carl Chisem, President of CEUI Local 511**.

"By taking these steps we will provide about \$130 million per year in savings, with no harmful plan changes, which lowers the unfunded liability by \$7.5 billion. That's a 31% decrease in the liability," stated **Jody Barr, Executive Director of AFSCME Council 4**. "This is a powerful example of how collective bargaining allows a win-win solution for the public good."

Chisem and Barr are members of the Health Care Cost Containment Committee.

Over the coming months, the Office of the State Comptroller will be working with Aetna to finalize and implement the contract, ensuring the benefits offered to all current members remain consistent. The contract will be effective on January 1, 2023. All retirees currently enrolled in the state's Medicare Advantage plan will be automatically transitioned from UnitedHealthcare to Aetna.

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