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***Aetna 28 percent profit drop signals storm clouds for healthcare***

KING OF PRUSSIA, PA (August 4, 2009) — On July 27, 2009 Aetna Inc., one of the largest health insurers in America, announced a 28 percent drop in profit for Q 2 2009.

Mark Bertolini, Aetna’s president, attributed the loss to “higher claim intensity, such as services rendered in a higher cost setting and more tests and procedures per visit, resulting in higher costs for emergency room, ambulatory, laboratory and preventive services. We are taking immediate actions to address these issues,” Bertolini added.

Commenting on the Aetna earnings statement, David McSweeney, COO of Healthcare Data Management, Inc. (HDM), a leading provider of health plan audits and analytics, said “‘higher cost setting’ is just another way of saying hospitals and doctors are hurting because of the economy and they need to generate more revenue. ‘Immediate actions to address these issues,’ will mean increasing premiums for employers,” McSweeney continued.

McSweeney and two colleagues, Barbara Niehus, an actuary with more than 30 years of experience in the healthcare industry, and David Ermer, a Washington, D. C. attorney who specializes in healthcare law, have been conducting a campaign to alert employers with self-fund employee health plans to 11 unanticipated economic and legislative factors that are driving up healthcare cost. The trio authored an article on the subject for the International Foundation of Employee Benefit Plans, issued a press release and hosted a related Webinar.

“Aetna is a good barometer for what will continue to happen in the healthcare insurance industry,” McSweeney said. “Their earnings report also cited an ‘additional unfavorable reserve development’ and ‘lower-than-projected 2009 Medicare revenue.’”

According to McSweeney, Aetna’s troubles could be the result of at least five of the 11 factors he, Niehus and Ermer identified: 1) forward buying of healthcare services in anticipation of job loss, 2) increasing use of COBRA, because of a government subsidy instituted by President Obama in the beginning of 2009, 3) the financial pressure being place on healthcare providers, 4) expanded dependent eligibility and 5) the growing disparity between Medicare and Medicaid and commercial payments.

The article, *There’s a Storm Coming for Self-funded Multiemployer Plans, The Wise Will Prepare Starting Now*, and a recording of the webinar, *How to Prepare for the Storm that will Hit Self-funded Health Plans*, are available for download at www.hdminc.com.