

AETNA INC /PA/
Form 10-Q
July 29, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2014
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-16095

Aetna Inc.
(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of incorporation or organization)
151 Farmington Avenue, Hartford, CT
(Address of principal executive offices)
Registrant's telephone number, including area code:

23-2229683
(I.R.S. Employer Identification No.)
06156
(Zip Code)
(860) 273-0123

Former name, former address and former fiscal year, if changed since last report: N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
 Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

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company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

There were 354.6 million shares of the registrant’s voting common stock with a par value of \$.01 per share outstanding at June 30, 2014.

Aetna Inc.
Form 10-Q
For the Quarterly Period Ended June 30, 2014

Unless the context otherwise requires, references to the terms “we”, “our” or “us” used throughout this Quarterly Report on Form 10-Q (except the Report of Independent Registered Public Accounting Firm on page 35), refer to Aetna Inc. (a Pennsylvania corporation) (“Aetna”) and its subsidiaries (collectively, the “Company”).

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Part I. Financial Information

Item 1. Financial Statements

Consolidated Statements of Income
(Unaudited)

(Millions, except per common share data)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
Revenue:				
Health care premiums	\$12,416.1	\$9,701.3	\$24,327.8	\$17,487.1
Other premiums	551.7	514.3	1,113.3	1,035.6
Fees and other revenue ⁽¹⁾	1,289.5	1,126.6	2,538.3	2,093.0
Net investment income	228.3	225.0	472.5	460.1
Net realized capital gains (losses)	23.8	(29.8)) 52.3	.5
Total revenue	14,509.4	11,537.4	28,504.2	21,076.3
Benefits and expenses:				
Health care costs ⁽²⁾	10,314.8	8,006.9	19,891.1	14,386.4
Current and future benefits	525.6	539.1	1,104.3	1,098.4
Operating expenses:				
Selling expenses	413.0	332.2	815.8	629.4
General and administrative expenses	2,188.2	1,762.2	4,235.8	3,204.2
Total operating expenses	2,601.2	2,094.4	5,051.6	3,833.6
Interest expense	81.3	83.5	166.9	161.3
Amortization of other acquired intangible assets	61.9	51.8	124.1	84.2
Loss on early extinguishment of long-term debt	—	—	91.9	—
Reduction of reserve for anticipated future losses on discontinued products	—	(86.0)) —	(86.0)
Total benefits and expenses	13,584.8	10,689.7	26,429.9	19,477.9
Income before income taxes	924.6	847.7	2,074.3	1,598.4
Income taxes:				
Current	350.5	275.7	769.0	542.5
Deferred	26.9	38.8	88.7	31.8
Total income taxes	377.4	314.5	857.7	574.3
Net income including non-controlling interests	547.2	533.2	1,216.6	1,024.1
Less: Net (loss) income attributable to non-controlling interests	(1.6)) (2.8)) 2.3	(2.0)
Net income attributable to Aetna	\$548.8	\$536.0	\$	