

AETNA INC /PA/
Form 10-Q/A
August 01, 2008

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

FORM 10-Q/A
Amendment No. 1 to 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, 2008

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 23-2229683
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

151 Farmington Avenue, Hartford, CT 06156
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area 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 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 company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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 471.6 million shares of the registrant's voting common stock with a par value of \$.01 per share outstanding at June 30, 2008.

Aetna Inc.
Form 10-Q/A
For the Quarterly Period Ended June 30, 2008

Due to a computer error during the EDGAR filing process, Aetna Inc.'s Quarterly Report on Form 10-Q for the period ended June 30, 2008 filed on July 31, 2008 was incomplete. This amendment to that Form 10-Q ("10-Q/A") is being filed to provide the information inadvertently omitted due to that computer error from the prior filing.

Edgar Filing: AETNA INC /PA/ - Form 10-Q/A

Aetna Inc.
Form 10-Q/A
For the Quarterly Period Ended June 30, 2008

Unless the context otherwise requires, references to the terms “we,” “our” or “us” used throughout this Quarterly Report on Form 10-Q/A (except the Report of Independent Registered Public Accounting Firm on page 20), refer to Aetna Inc. (a Pennsylvania corporation) (“Aetna”) and its subsidiaries (collectively, the “Company”).

Table of Contents	Page
Part I Financial Information	
Item 1. Financial Statements	1
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3. Quantitative and Qualitative Disclosures About Market Risk	33
Item 4. Controls and Procedures	33
Part II Other Information	
Item 1. Legal Proceedings	33
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	34
Item 4. Submission of Matters to a Vote of Security Holders	34
Item 6. Exhibits	35
Signatures	36
Index to Exhibits	37

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,	
	2008	2007	2008	2007
Revenue:				
Health care premiums	\$ 6,288.9	\$ 5,292.8	\$ 12,542.4	\$ 10,471.3
Other premiums	473.3	503.2	948.5	998.6
Fees and other revenue *	829.3	736.2	1,654.6	1,469.0
Net investment income	258.7	308.3	501.9	602.8
Net realized capital losses	(22.1)	(46.6)	(80.6)	(47.8)
Total revenue	7,828.1	6,793.9	15,566.8	13,493.9
Benefits and expenses:				
Health care costs **	5,153.3	4,313.9	10,239.5	8,491.0
Current and future benefits	500.8	576.7	1,009.7	1,167.1
Operating expenses:				
Selling expenses	275.6	256.8	579.4	526.6
General and administrative expenses	1,122.4	957.6	2,219.5	1,892.3
Total operating expenses	1,398.0	1,214.4	2,798.9	2,418.9
Interest expense	56.6	42.8	111.0	85.1
Amortization of other acquired intangible assets	27.3	21.8	55.1	43.6
Reduction of reserve for anticipated future losses on discontinued products	(43.8)	(64.3)	(43.8)	(64.3)
Total benefits and expenses	7,092.2	6,105.3	14,170.4	12,141.4
Income before income taxes	735.9	688.6	1,396.4	1,352.5
Income taxes (benefits):				
Current	247.3	244.3	487.9	476.8
Deferred	8.1	(7.0)	(3.6)	(10.2)
Total income taxes	255.4	237.3	484.3	466.6
Net income	\$ 480.5	\$ 451.3	\$ 912.1	\$ 885.9
Earnings per common share:				
Basic	\$ 1.00	\$.88	\$ 1.87	\$ 1.72
Diluted	\$.97	\$.85	\$ 1.82	\$ 1.66

* Fees and other revenue include administrative services contract member co-payments and plan sponsor reimbursements related to our mail order and specialty pharmacy operations of \$16.3 million and \$29.9 million (net of pharmaceutical and processing costs of \$398.8 million and \$777.4 million) for the three and six months ended June 30, 2008, respectively, and \$17.2 million and \$28.3 million (net of pharmaceutical and processing costs of \$362.9 million and \$713.6 million) for the three and six months ended June 30, 2007, respectively.

** Health care costs have been reduced by Insured member co-payment revenue related to our mail order and specialty pharmacy operations of \$28.3 million and \$56.4 million for the three and six months ended June 30, 2008,

respectively, and \$25.0 million and \$50.4 million for the three and six months ended June 30, 2007, respectively.

Refer to accompanying Condensed Notes to Consolidated Financial Statements (Unaudited).

Consolidated Balance Sheets