



Aetna Retirees Association, Inc
PO Box 280165
East Hartford, CT 06128
www.aetnaretirees.com

News

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CVS HEALTH ANNOUNCES A NEW PRESIDENT AND CEO

CVS Health has just announced that Ms. Karen Lynch, Aetna's top executive in Hartford will become the new President and CEO to replace Larry Merlo in early 2021. Ms. Lynch has significant experience in healthcare and the delivery of benefits and services and, we believe, will be a great leader for CVSHealth. She joined Aetna in 2012 rising to President in 2015. Prior to joining Aetna, she held senior executive positions with Cigna and Magellan Health Services, where she served as President.

The *Hartford Courant* article detailing Ms. Lynch's resume was published on November 6, 2020 entitled "***Aetna Executive Karen Lynch will become CEO of CVS Health.***" A copy of this article follows at the end of this newsletter and is also located on our website.

AETNA RETIREES ASSOCIATION'S RELATIONSHIP WITH CVS HEALTH

Since the time of the CVS purchase of Aetna and the formation of CVS Health, we have been asked on a number of occasions what Aetna Retiree Association's role and relationship is with the new entity. Our Newsletter from May 2019 (a copy of which is on our website) spoke to some aspects of our developing CVS Health relationship.

ARA interacts frequently with the Aetna Human Resources and Benefits Departments and we hold annual meetings with them to discuss benefits, benefit issues, member services issues and other topics. These meetings have been productive and, after each meeting, we have reported to you through our newsletters. *(Continued on page 2)*

AETNA RETIREES ASSOCIATION'S RELATIONSHIP WITH CVS HEALTH

(Continued from page 1)

Shortly after the CVS/Aetna relationship was finalized, we approached CVS Health about forming a similar relationship with CVS benefits managers as we have with Aetna. On May 7, 2019, John Perra and Carl Galinsky had a conference call with a number of key players at CVS. They stated that they looked forward to a continuation of the relationship we had built with Aetna. Details of that call can be found in the May 2019 newsletter.

Since the initial conference call, a number of CVS officials have participated in our annual Fall benefits review meetings and have expressed their appreciation for being included. In addition, they told us our outreach to CVS Health has gone a long way in producing a smooth transition which has led to the continuation of the strong working relationship we had developed through the years.

We, the Board of Directors of ARA, believe that the relationship we have built with Aetna, and now CVS Health, is solid, professional and collegial. The specific question we have been asked ("***What influence and effect will ARA have over CVS Health retiree benefit decisions, particularly under Ms Lynch's leadership?***") cannot be predicted with 100% certainty. However, based on the interactions we have had with the CVS Health people over the past two years and our reading of Ms. Lynch's career, we expect to have a seat at the table and to positively affect decisions regarding retiree benefits. We will continue our mission of "Helping Aetna (CVS Health) Keep Its Promises." And, we will keep you informed!

The ***Hartford Courant*** article announcing Ms. Lynch's promotion follows on pages 3-7.

Aetna executive Karen S. Lynch will become CEO of CVS Health

By KENNETH GOSELIN and STEPHEN SINGER

HARTFORD COURANT NOV 06, 2020



(Michael McAndrews/Special to The Courant)

Karen S. Lynch, Aetna's top executive in Hartford, will take over as the next president and CEO of CVS Health Corp., placing her among the most high-profile female leaders not only in health care but in the business world.

Woonsocket, R.I.-based CVS announced Friday that Lynch will assume the company's top post, just a few weeks shy of the second anniversary of CVS' blockbuster, \$69 billion acquisition of Aetna Inc., the Hartford-based health insurer with a history in the city dating back to 1853.

Lynch, 57, will succeed Larry J. Merlo, who has led CVS for a decade. Lynch will take the reins of a health care giant with a market value of \$80 billion, with aspirations to play a key role in the transformation of the country's health care system.

Aetna executive Karen S. Lynch will become CEO of CVS Health (continued)

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The new Aetna logo, including the CVS Health heart, is reflected in the signage at Aetna headquarters on Farmington Avenue in Hartford. CVS Health acquired Aetna in 2018. (Brad Horrigan / Hartford Courant)

“This leadership transition comes at the right time for CVS Health. This month marks the two-year anniversary as one company, with our foundation clearly established and significant positive momentum across the company,” David W. Dorman, chairman of CVS Health's board of directors, said, in a statement Friday.

Business leaders in Connecticut Friday praised the selection of Lynch, noting she is not only a strong role model for young women but all leaders. Lynch blends her business sense with a strong ability to connect with employees at all levels of the company, they said.

“She's got the business acumen, that's a given when you get to that level,” said Chris DiPentima, president and chief executive of the Connecticut Business & Industry Association, the state's largest business group.

Aetna executive Karen S. Lynch will become CEO of CVS Health (continued)

She's always looking forward, looking over the horizon and that's what we need in Connecticut.

CHRIS DIPENTIMA, PRESIDENT AND CHIEF EXECUTIVE, CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION

“But the people skills aren't always a given. She's interesting because she's down-to-earth and a visionary at the same time. She's always looking forward, looking over the horizon and that's what we need in Connecticut.”

When CVS acquired Aetna in 2018, its agreement with state insurance regulators in Connecticut included a promise to keep employment at Aetna and its subsidiaries at 5,300 for at least four years. Employment in Connecticut was trimmed a month ago.

CVS also named Hartford as its “Center of Excellence” for insurance and committed to keeping Aetna's headquarters in Hartford for at least a decade.



Aetna's headquarters on Farmington Avenue in Hartford. (MICHAEL KODAS / HC)

Hartford Mayor Luke Bronin said Lynch has been a “tremendous partner” to the city.

“I look forward to continuing working with her and with CVS Health.” Bronin said Friday. “Aetna has been part of the Hartford community for

Aetna executive Karen S. Lynch will become CEO of CVS Health (continued)

well over a century, and she has always been a champion for partnership between Aetna and the city it has so long called home.”

In Hartford, Lynch serves as a trustee for the Bushnell Center for the Performing Arts.

Lynch was chosen in a “multi-year” search for a successor to Merlo, 64, that included candidates from both inside and outside of CVS. Since the combination of the two companies, Lynch has served as Aetna’s president and executive vice president of CVS Health. She has been based in Rhode Island but has frequently traveled to Hartford.

A regulatory filing late Friday shows as CEO Lynch will be paid an annual salary of \$1.45 million. In addition, Lynch qualifies for a potential annual cash bonus of 200% of her salary. In 2021, her “target” annual equity award compensation will be \$11 million, with 75% performance stock units and 25% stock options.

On a call Friday morning with industry analysts to discuss CVS' third-quarter financial results, Merlo said, “Karen has been a key member of our leadership team and a key partner to me on the planning and execution of our transformational activities over the past two years.”

Lynch takes over as CEO at a time when CVS is at a pivotal point in its history. CVS is transitioning from a pharmacy chain with a robust pharmacy benefits management business to a broader, health services company also selling health insurance and providing health care through its community-based MinuteClinics.

Lynch was unavailable for an interview with the Courant Friday.

But in an interview last year, Lynch said, “To be a leader in today’s world, you can’t be afraid of change, or fearful of disappointing outcomes.”

Aetna executive Karen S. Lynch will become CEO of CVS Health (continued)

What keeps her grounded, she said, “is believing deeply in a long-term vision. For me, it is the audacious opportunity in front of us to change the health care system as we know it.”

On Friday, Lynch told analysts on the earnings conference call that a major thrust of CVS’ evolution will be to continue addressing “the human aspects of health.”

In March, Lynch assumed leadership for CVS Health’s response to the COVID-19 pandemic.

Born in Ware, Mass., Lynch is a graduate of Boston College and The Questrom School of Business at Boston University. Lynch has more than three decades of experience in health care.

Prior to joining Aetna in 2012 and rising to president in 2015, Lynch held senior executive positions at Cigna and Magellan Health Services, where she served as president. She began her career as an auditor at Ernst & Young.

Lynch traces her pursuit of career in health care back to an early age, in a 2018 column she wrote for [Forbes](#) magazine.

As you communicate with a retiree, retiree group or a colleague, we encourage you to provide them with information and the benefits of joining ARA. Please refer any prospective members to our website at www.aetnaretirees.com for additional information and an application form. Further, you may encourage prospective members to contact any Board Member for additional information. If, however, a retiree or colleague does not wish to become an active member and would still like to hear what we are doing, please have them state “communications only” on the application. We will send them our communications.

CONTACT ARA!

We welcome your comments, questions, ideas and letters to the editor. See mail and website addresses on page 1.

Sharon Reed, Editor

Marilyn Wilson, Editor Emeritus