

Purpose-Driven

An Interview with
Karen S. Lynch, President, Aetna

EDITORS' NOTE Karen S. Lynch joined Aetna in 2012 as Executive Vice President and Head of Specialty Products. In 2013, she assumed management of Local and Regional Businesses. Prior to joining Aetna, she held executive positions at Cigna and Magellan Health Services, where she served as President. Lynch began her career with Ernst & Young as a Certified Public Accountant. She has been recognized for her leadership by numerous organizations and publications, including the National Association for Specialty Health Organizations, Business Insurance, the Stevie® Awards for Women in Business, and Insurance Networking News. Lynch earned her bachelor's degree in accounting from Boston College and an M.B.A. from Boston University. In 2015, she was presented with an honorary doctorate degree of humane letters from Becker College.



Karen S. Lynch

That purpose has many components to it. How do you define that and how do you measure the impact when you're looking at that type of an objective?

There are a number of ways we measure our impact on the people we serve. We start by asking ourselves, "Are we improving access, affordability, and quality in the healthcare system?" "Are we helping people achieve more healthy days?"

Another way we measure it is by understanding the engagement level of our employees. We know that engaged employees interact with our members in a very unique and caring way, and that type of personal connection with members is critical in the new consumer marketplace. We constantly explore how we can improve the engagement and happiness of our employees to positively impact our members' lives.

Healthcare, in the way I think about it as a leader, is not just about insurance – there is an emotional connection. We communicate this to our employees and work to create an environment where our employees can really help people achieve their best health.

How challenging is it to show differentiation in a business like this?

I believe there is great opportunity to differentiate in today's changing healthcare landscape. Healthcare is getting more local and more personal. To address the changing needs, we're driving to consumer-centricity by putting our members and the people who count on us every day at the center of everything we do.

We're moving from a business-to-business company to a business-to-consumer company. For 163 years, we have been thinking about employers, but the world is changing. People are demanding more with the introduction of technologies and social media, and just-in-time service, so we're focusing more on the experience consumers have with us. I sometimes call it "healthcare on the go" – we can provide technology and information that can help individuals not only improve their day-to-day wellness, but also address more serious conditions like diabetes or cancer.

This is what is differentiating us in the marketplace – it's marrying up our consumer focus with the technology to support people on their personal healthcare journey.

As you do that, how critical is it that it's communicated to the employees and that you engage them as you go through unsettling change?

We have demonstrated time and again how important communication is to achieving our mission. When we acquired Coventry Healthcare, I was responsible for the integration of the two companies. One of my top priorities in leading this work was to make sure I continuously communicated with our employees about the changes we were making and how they would be impacted. I personally connected with 10,000 of the 14,000 Coventry employees, welcoming them to Aetna and establishing the honesty and trust needed to achieve our broader goal of building a better company to serve our customers.

I think having that open, frank, and honest dialogue with employees made it easier for them to embrace that change and therefore remain focused on delivering great service to our members.

Would you talk about how much emphasis was put on culture during the integration and have you been happy with how the cultures have meshed?

The Coventry integration was very successful. A big part of that success can be attributed to the time we spent early on talking about the cultures of Aetna and Coventry, and how we build a new culture to accomplish our combined goals.

In retrospect, I think the emphasis we put on culture right from the start removed many of the barriers that can trip-up an acquisition. A guiding principle of the integration was to preserve the best of each company and blend the two, and we accomplished that.

For a company of Aetna's size and scale, where do you see your growth coming from?

Growth opportunities exist everywhere, but we need to have a disciplined approach, and execute on that strategy effectively.

For instance, we have seen strong growth in our government businesses, Medicare and Medicaid. But that growth didn't happen by accident; it was the result of a relentless focus on improving the quality and affordability of the services we provide to these customers. We see similar growth potential in the individual exchange business. However we recognize that this marketplace is still maturing. So our strategy is more measured and focused on long-term growth.

COMPANY BRIEF Aetna (aetna.com) is one of the nation's leading diversified healthcare benefits companies, serving an estimated 46.5 million people with information and resources to help them make better informed decisions about their healthcare. Aetna offers a broad range of traditional, voluntary, and consumer-directed health insurance products and related services, including medical, pharmacy, dental, behavioral health, group life and disability plans, and medical management capabilities, Medicaid healthcare management services, workers' compensation administrative services, and health information technology products and services. Aetna's customers include employer groups, individuals, college students, part-time and hourly workers, health plans, healthcare providers, governmental units, government-sponsored plans, labor groups, and expatriates.

What has been the secret to Aetna's success?

Our success is the result of being a purpose-driven company with employees who have a passion for delivering quality healthcare and building a healthier world.

I get up every morning knowing that 20-plus million people count on us for their overall healthcare needs. This is part of what makes Aetna unique and special. We are driven by a higher purpose – to build a healthier world, one person at a time, one community at a time.

We also look for ways to accelerate our strategy. The Humana acquisition is a perfect example. Humana is the ideal complement to our government businesses and will give us the opportunity to drive affordability and improve the quality of healthcare across the industry.

How critical is the emphasis that needs to be placed around wellness to really manage costs and, for Aetna, how important has it been to drive that conversation?

In terms of prevention and wellness, we are all personally accountable for our own health. As a company, I see it as our responsibility to provide our customers with the information, tools, and support they need to take better care of themselves and their families with regard to things like exercise and nutrition. Also, the positive results of Aetna's well-being programs for our own employees show how meaningful they can be.

We also recognize that people do get sick. When that happens, we need to make sure they have access to high-quality, affordable services. We do this by working with providers in a different way than we have in the past. We are partnering with doctors and hospitals with a shared purpose of helping the patient and their family achieve the best possible outcome.

Our changing relationship with providers is another differentiator for us. Working together toward one common goal, improving the good health of people over time, is the foundation of the healthcare system of tomorrow. The more we can build these new relationships with providers, and the more technology we can enable our providers and consumers with, the more outcomes will improve and result in better health.

Is the message out about the critical role that companies like Aetna play and about how dynamic this industry is?

Our industry is seeing a historic rate of change and that level of change creates new opportunities for us to tell our story and demonstrate the value we deliver. But it's more than just telling our story; we need to demonstrate to the industry how we are innovating and how our customers ultimately benefit.

This work starts with the next generation of talent coming up through the ranks. Once we talk to them about how we intend to transform the healthcare experience, we can feel their excitement and they are inspired by that sense of purpose that I mentioned before.

The message is out, but we will never be done telling our story. That's exciting because we're continuing to talk about innovation and how we are working to build a healthier world. It's a noble and audacious goal; people can really rally behind it and we're seeing that every day.

Behind that employee base, you've also put diversity and inclusion at the forefront. How critical is it that your consumer profile is mirrored within the workforce?

It's one of the most important elements of our talent strategy. All healthcare is local and we're building a healthier world one community at a time. To do this, we need to represent the communities we're working in and we need to build the diversity to effectively support the communities we serve. We're very focused as a company on attracting diverse talent and

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we have disciplined talent strategies around attracting and retaining the people we need to drive our strategy. I view diversity across the spectrum; it's not just ethnic or gender, but it's diversity of thought and ideas as well.

I'm proud of the fact that we were one of the first healthcare companies to really recognize the LGBT community and we were one of the first companies to develop products and marketing around that community. It's a great example of how our talent strategy is driving business results.

Are the opportunities there today for women within the insurance industry and what do you tell young women coming in about the careers this industry offers?

As the first woman president in Aetna's 163-year history, I think the healthcare industry offers limitless opportunities for women. I remind women who are coming up through the ranks that 94 percent of healthcare decisions are made by women. With that as the backdrop, there is no better gender to understand our marketplace. We can walk in the shoes of those individuals who are buying healthcare.

I also talk to women about the diversity of experiences offered through a healthcare career because they can learn all aspects of the business, from underwriting to finance to marketing. A healthcare career offers a diversity of experiences that one might not get in other businesses or industries.

I also think it's important to recognize the value of sponsorship. I sponsor many women at Aetna. Across my team, there are many women running P&Ls, both small and large, and that's how we build the bench strength we need to lead a world-class organization.

How critical is it for a company today to have a commitment to corporate responsibility from leadership on down?

In an evolving consumer marketplace, corporate responsibility is more important than ever. People want to feel good about the companies they do business with.

We know that actions speak louder than words, and we encourage our leaders and all employees to give back to the community. Our Aetna Foundation has given more than \$427 million to local communities. Our employees have contributed 2.5 million hours of volunteer work across the United States since 2003. So we live corporate responsibility every day.

Corporate responsibility is also a big part of our purpose-driven culture. When our employees see leaders giving their time and committing to volunteerism and community, they want to engage, they want to make a difference.

When I came to Aetna, I signed-on to serve as an executive sponsor for the Komen Connecticut Race for the Cure. I started with a small goal: get 100 employees to commit to raise funds and help find a cure for breast cancer. Three years later, our team has grown to more than 600 employees.

Not only is corporate responsibility the right thing to do; it's been infectious in our organization and it drives us to do more.

What excited you about coming to Aetna and made you feel it would be the right fit?

I'm a change agent, and the opportunity to be part of a company that was leading industry change was really exciting. I knew that Aetna had a very strong mission and was purpose-driven, and I felt I could contribute in a meaningful way to help make a lasting change in peoples' lives.

Is it hard to not become so engaged when you see something done differently than how you would do it, and do you have to take a step back?

To be an effective leader, one needs to have an open mind and be willing to hear new ideas. Being open to new ideas and different perspectives has helped me achieve success.

I like to create change and execute on that change, but in my view an effective leader is willing to listen to other people's ideas before charging down the path of change. I have a great team around me, and I make it a point to share my success with them.

Why isn't the message about the value of insurance better understood?

It is frustrating at times because I get to see the great things we do every day. Part of it is my responsibility to do a better job of talking about what we're trying to accomplish. But I also recognize that we're not perfect and sometimes we make mistakes. We're constantly striving to get it right for the people who depend on us, and we have an opportunity to tell some of the stories about what we're doing to help people on their personal health journey. When I get the letters from members telling me about our employees, who are on the front lines and what they're doing every day to help others, that is what makes it all worth it.

For you personally, are you able to reflect on the wins?

I do recognize and celebrate the successes of the people who work for me, but I'm personally always looking forward. That's who I am. I'm never satisfied because I know we can always do more to help people achieve their best health. ●