

# Creating Your Path— Focusing on Your Future Retiree Health Care

University of Notre Dame | 2011



Presentation to University of Notre Dame

**AON** Hewitt

# Introductions

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- Aon Hewitt Navigators Insurance Services  
and
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- Aon Hewitt Navigators Insurance Services

## Agenda

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- Overview of Retiree Benefit Changes
- New Delivery Model for Medicare-Eligible Retirees
- Online Access for All Retirees
- Estimated Plan Examples
- Questions

## Overview of Retiree Benefit Changes

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### For all Notre Dame Retirees:

- Group coverage will end on December 31, 2011
- Contributions from Notre Dame will be put into a tax shelter premium reimbursement account



# Medicare-Eligible Retirees

## The Market Has Changed...

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Two major changes include:

- Expansion of Medicare to include prescription drugs
- More health care options at cost-competitive prices

Both make individual medical insurance an attractive solution

## Market Trend: The Move to Individual Plans

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### Retiree Group Plan



- Unable to customize coverage for each individual's specific needs
- Limited choices

### Individual Plans



- Each individual can right-size the plan to fit his/her needs
- More choices

## Individual Plans: A Better Value than Employer Group Plans

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### Why?

- Intense local insurance company competition keeps premiums low compared to rising group plan prices
- You can shop around and find the best plan to match your individual needs





## The New Delivery Model for Medicare-Eligible Retirees

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- Greater plan choice and value
- Enrollment decision support
- Ongoing customer advocacy services
- Access to guidance and help whenever you need it.





# Support for Medicare-Eligible Retirees

## Introducing Aon Hewitt Navigators Insurance Services

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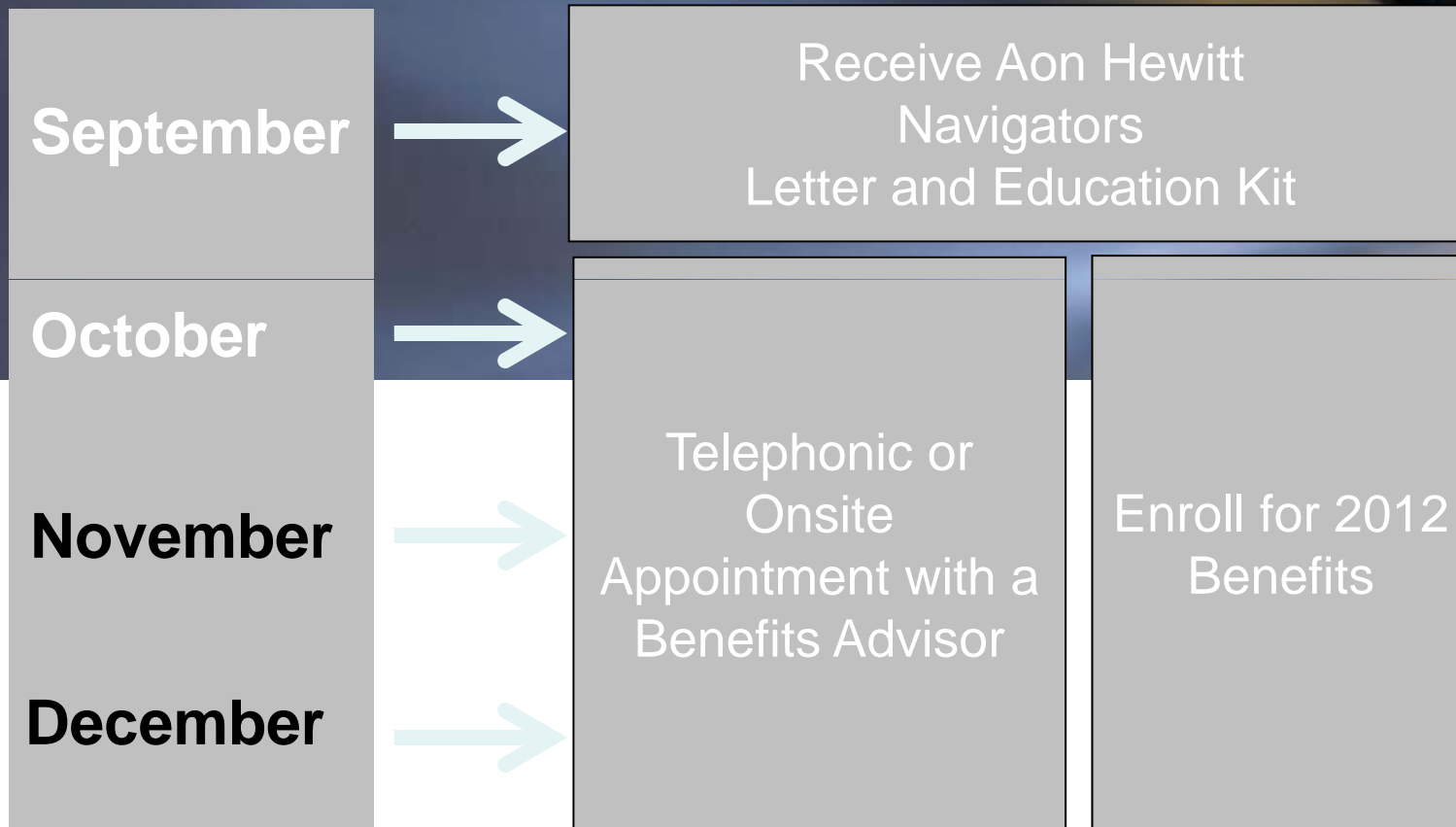
- An **independent** insurance exchange
- Offers Medicare insurance plans from **quality carriers**
  - Financially stable
  - “Staying power” in the market place
  - Name brands such as: AARP, Blue Cross and Blue Shield, Humana, and UnitedHealthcare
- Broad range of products to meet **individual needs**
- Employs **licensed and certified** insurance brokers
  - Are **salaried**—No compensation based on steering individuals to specific carriers and/or plans for you!
  - Have a vast range of experience as **licensed and certified** brokers.

## Why Aon Hewitt Navigators?

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- Aon Hewitt Navigators is one of the nation's trusted advisors in navigating Medicare—it's advice you can count on
- We have a reputation for providing expert, independent assistance to Medicare recipients who expect and deserve high quality health insurance at an affordable price.
- Aon Hewitt Navigators presents complex health insurance information in an objective manner via its Internet site and trained and licensed insurance professionals.

# Enrollment Timeline for Medicare-Eligible Retirees



## Enrollment Process for Medicare-Eligible Retirees

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### Learn & Compare

- Confirm your appointment
- Read materials in the Education Kit or online
- Collect the following:
  - Medicare card
  - List of doctors
  - List of Medications

### Enroll

- Talk with your Benefits Advisor
- Complete necessary paperwork
- Enroll electronically, over the phone, or onsite October 17 – November 4

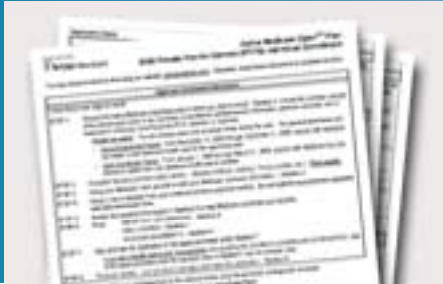
## Choices to Meet Your Needs

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### Phone

- Highly trained benefit advisor guides retirees through process
- Retirees work with same benefit advisor throughout process
- Enrollments can be completed over the phone with telephonic signature



### Paper

- Many retirees prefer to review printed materials before making decision
- While most enrollments are completed over the phone, paper applications are accepted via pre-paid envelopes or fax



### Online

- Detailed summary of benefits and applications available online for download
- Comparison of current plan and alternate plans
- Online plan enrollment

## Choosing a Medical Plan

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- Even if you and your spouse are both Medicare-eligible, your health needs may differ—each eligible person can choose a medical, dental and/or vision plan
- You may change your plan every year during the enrollment period
- There will be a new Medicare enrollment period from October 15 – December 7
- Regardless of age, most Medicare-eligible retirees will find they will pay less for individual medical coverage than they previously paid under the Notre Dame Group Medical Plan



# Medicare Basic Insurance Options

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Original Medicare Plan:

Part A (Hospital)		Part B (Medical)
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+

Medigap (Medicare Supplement Insurance)

+

Part D  
(Rx Coverage)

Medicare Advantage Plans  
(Part C)

This option combines  
Part A and Part B

+

Part D  
(Rx Coverage)

## Retiree Health Reimbursement Account (HRA) Highlights

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- Retiree HRA can only be used for reimbursement of eligible premiums for Medicare Supplement, Medicare Advantage and/or Medicare Prescription Drug plan coverage.
- Retiree HRA fund will hold the University contribution of \$750/year for you and \$750 for your Medicare-eligible spouse/dependent.
  - The contribution will be put into your retiree HRA annually beginning in January 2012.

## Retiree Health Reimbursement Account (HRA) Highlights

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- You'll continue to be reimbursed for your insurance premiums until the retiree HRA dollars are depleted. Any additional premium expenses for the year would be paid by you.
- Any remaining balance in your retiree HRA at the end of the year will rollover to be used in future years.

## Conveniently Paying for Your Coverage

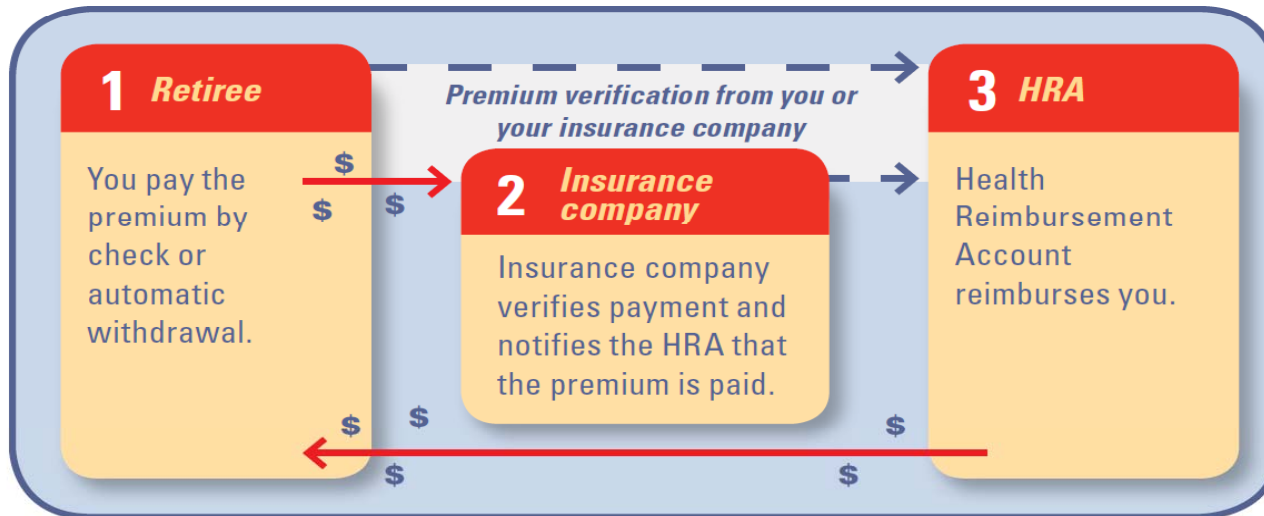
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### Two options:

- Pay your health insurance premium by check each billing period  
**or**
- Have your premium automatically withdrawn from a checking or savings account. Most insurance providers that Aon Hewitt Navigators offers allow automatic withdrawal as a convenient alternative to paper checks.

# How You're Reimbursed

- Enroll in a plan.
- Pay the bill by check or automatic withdrawal from a checking or savings account.
- Obtain reimbursement for premiums by check or direct deposit:
  - automatically if offered by your carrier,
  - or by submitting notification of premium payments online, by mail or by fax.





# Notre Dame Retiree Comparison

- How Does Your Plan Compare to the Open Market?

## Notre Dame Medical Plan—Medicare-Eligible Retiree

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### Notre Dame Medical Plan Details:

- \$266 premium per month per person
  - \$250 individual annual deductible (\$500 family)
  - Once deductible is met, in-network services are covered at 80% up to \$2,500 per individual; \$5,000 per family.
  - Must have Medicare Parts A and B to be eligible.
  - Routine/Preventive services covered with certain limitations.

## Notre Dame Medical Plan—Medicare-Eligible Retiree

Notre Dame Medical Plan	Plan Pays	You Pay
Medicare Premium for Part B		\$115.40 for those enrolling into Part B in 2011 on average.
Plan Premium		\$266 per month (\$3,192 annually)
Deductible		\$250 annually
Co-Insurance	80%	20% (up to \$2,500 individually)
<b>Yearly Total Exposure For Plan</b>		<b>\$5,942 (with the ND subsidy) (\$7,326.80 with Part B premium)</b>



## Available Medical Coverage—Individual Medicare-Eligible

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In the open market, there are options known as Medicare Supplements.

- Medicare Supplements supplement the Medicare coverage you already have
  - Medicare remains your primary, your Supplement is your secondary.
  
- With Medicare, you can go to any doctor, any hospital in the country as long as the doctor accepts Medicare and the service is Medicare approved; similar to what you currently have.
  
- Plan are all Federally Regulated
  - Plans come with a range of coverage—Plans A through N.
    - Plan F has highest level of coverage.
      - ♦ Covers your deductibles and out-of-pocket expenses left over by Medicare.
  - Plans from company to company are the same—only difference is price.
    - Prices vary on company, age and service area.

## Open Market Plan Option

### South Bend Retiree, Age 70—Example Coverage Option

Sample Medicare Supplement Option	Medicare Pays	Plan Pays	You Pay
Medicare Premium for Part B			\$115.40 for those enrolling into Part B in 2011 on average.
Plan Premium			\$152.60 per month (\$1,831.20 annually)
Part A Deductible	Everything after first \$1,132 per benefit period	\$1,132 per benefit period	\$0
Part B Deductible		\$162 annually	\$0
Part B Co-Insurance	80%	20%	\$0
<b>Yearly Total Exposure For This Plan</b>			<b>\$1,831.20 - \$750 = \$1,081.20 (\$3,216.00 with Part B premium)</b>

This example is for illustrative purposes only

## Notre Dame Medical Plan—Medicare-Eligible Retiree Prescription Drug Costs

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### Notre Dame Prescription Drug Plan Details:

- Included in \$266 premium
  - \$250 individual annual deductible.
  - Once deductible is met, prescriptions are covered at 80% up to \$2,500 per individual.

## Notre Dame Medical Plan—Medicare Eligible Retiree Prescription Drug Costs

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Notre Dame Prescription Drug Plan	Plan Pays	You Pay
Plan Premium		Included in the \$266/monthly
Deductible		\$250 annually
Co-Insurance	80%	20% (up to \$2,500 individually)
<b>Yearly Total Exposure For Plan</b>		<b>\$2,750</b>

## Available Rx Coverage—Individual Medicare-Eligible

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In the open market, prescription drug coverage is available through Part D programs.

- Part D
  - Regulated by CMS
  
  - Has 4 Levels of Coverage
    - Deductible
    - Initial Coverage Level
    - Coverage Gap
    - Catastrophic Coverage Level
  
  - The Initial Coverage Level lasts until the total retail costs of your drugs reach \$2,840 for the year.
    - That is the total sum of the amount you pay and the insurance company pays.
  - Once your total retail cost is above \$2,840 you enter the Coverage Gap where you are responsible for 100% of the cost of your drugs.
    - In 2011 there are discounts on most brand name drugs of 50% and most generics of 7%.
  - Once your total out of pocket cost for the year equals \$4,550 you will exit the Coverage Gap and enter into Catastrophic.
    - Catastrophic coverage covers most of your drugs up at 95%.

## Open Market Plan Option

### South Bend Retiree, Age 70—Example Coverage Option

Sample Prescription Drug Option	You Pay During Initial Level of Coverage
Plan Premium	\$35.00 per month (\$420.00 annually; \$730 with deductible)
Deductible	\$310
Preferred Generic Drugs (Tier 1)	30-Day Preferred Retail Pharmacy: \$7 90-Day Preferred Mail Order: \$14
Generic and Preferred Brand Drugs (Tier 2)	30-Day Preferred Retail Pharmacy: \$40 90-Day Preferred Mail Order: \$100
Non-Preferred Generic and Non-Preferred Brand Drugs (Tier 3)	30-Day Preferred Retail Pharmacy: \$80 90-Day Preferred Mail Order: \$200
Specialty Tier Drugs (Tier 4)	30-Day Preferred Retail Pharmacy: 33% 90-Day Preferred Mail Order: 33%

This example is for illustrative purposes only

## Open Market Plan Option

### South Bend Retiree, Age 70—Example Coverage Option

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<b>Sample Medicare Supplement Option</b>	<b>You Pay During Initial Level of Coverage</b>
Plan Premium	$\$1,831.20 - \$750 = \$1,081.20$

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<b>Sample Prescription Drug Option</b>	<b>You Pay During Initial Level of Coverage</b>
Plan Premium	$\$420.00$

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<b>Sample Medicare Supplement &amp; Prescription Drug Option</b>	<b>You Pay During Initial Level of Coverage</b>
Plan Premium	$\$1,081.20 + \$420 = \$1,501.20$

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This example is for illustrative purposes only

## Ongoing Support through Advocacy Services

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What this means for you:

- You'll have access to personalized assistance to help with unresolved issues pertaining to your benefits.
- Aon Hewitt Navigators will partner with plans, providers, collection agencies, and others to resolve issues quickly and accurately.







# Actual Examples of Advocacy Services

## Medicare Advocacy Support After You Enroll

### ERRONEOUS SERVICE PROCEDURE CODE



### RETIREE CONCERN

- Receiving unexpected bills from rheumatologist


### ROOT ISSUE

- Advocacy team researched and discovered the provider miscoded diagnosis
- Provider's charges were not eligible for Medicare reimbursement


### SOLUTION

- Advocacy worked with the provider to correct and re-file the bill with Medicare
- We confirmed the bill was reprocessed properly and closed out the event with the participant, communicating their accurate liability

# Medicare Advocacy Support After You Enroll

INCORRECT MEDICARE CLAIM DENIAL	RETIREE CONCERN	ROOT ISSUE	SOLUTION
	<ul style="list-style-type: none"><li>Medicare denying a claim, indicating Medicare was not the primary payer</li></ul>	<ul style="list-style-type: none"><li>The participant did have additional coverage, however Medicare was primary</li></ul>	<ul style="list-style-type: none"><li>Advocacy facilitated re-filing the claim properly with Medicare, then forwarded the Explanation of Benefits (EOBs) to the health plan for secondary payment</li></ul>

# Medicare Advocacy Support After You Enroll

ACCESS TO WHEELCHAIR	RETIREE CONCERN	ROOT ISSUE	SOLUTION
	<ul style="list-style-type: none"><li>Medicare denied a participant request for durable medical equipment coverage (wheelchair)</li></ul>	<ul style="list-style-type: none"><li>Medicare denied the claim as not medically necessary</li></ul>	<ul style="list-style-type: none"><li>Advocacy collected medical records, previous treatment plans, and prognosis and forwarded these to Medicare</li><li>The wheelchair was approved</li><li>Advocacy made arrangements for delivery of the chair to the home</li></ul>



# Online Access to Benefits Information for All Retirees

## Things to Remember

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### Medicare-eligible retirees:

- Letter and Education Kit mailing mid-September.
- Confirm or change your onsite or telephonic appointment with a Benefits Advisor or cancel your appointment if not obtaining coverage through Aon Hewitt Navigators.
- **Onsite Enrollment October 17–November 4**
- Select your plan and enroll!



# Questions?

- After the meeting, if you have other questions:

Aon Hewitt Navigators at 800-350-1651

Web Site [www.senioreducators.com](http://www.senioreducators.com)