

opersHealthCareUpdate

Employers are not retiree health care advisors. However, we know many employers are a trusted resource for employees who are soon-to-be retirees. Please review this information carefully to be positively positioned with important information.

OPERS is changing the health care plan for all retirees but Medicare eligible retirees have additional changes beginning in 2016 – and for very good reasons

A message from Karen Carraher, OPERS Executive Director, and Marianne Steger, OPERS Health Care Director

We take our responsibility as a retiree health plan sponsor very seriously. We know OPERS members have many questions about how the retiree health care plan will change when Medicare eligible participants are transitioned to the Medicare Connector in 2016. Good health and access to health care are important. We work to make certain each decision about the health care plan is beneficial for our retirees but also focused on the sustainability of the System.

Because health care can be an emotional topic and change is often intimidating, some have voiced concerns about our introduction of a Medicare Connector in 2016. We are confident a Medicare Connector is the best solution for the continuation of OPERS retiree health care because it provides increased choice and affordability for retirees. The following information details the reasons we're convinced our decision to implement the Connector is best for all.

OPERS is moving our Medicare population to a Connector; however, we will be an active part of the transition process. OPERS will stand behind the work of the Medicare Connector we choose and will be available to retirees should any problems arise throughout the process and beyond.

What do OPERS members and retirees need to know about why the health care plan is changing?

The current health plan could not be sustained.

Although OPERS retiree health care is not a guaranteed benefit, we are committed to being proactive and offering a quality health care plan for as long as we are financially able. During the development of our recent pension changes, we shared with members that we would be unable to sustain the health care program in its current format for more than 10-14 years.

To continue offering retiree health care coverage, OPERS made a number of changes to the plan, including the introduction of a Medicare Connector. Our projections indicate that the plan changes will allow our health care plan to be sustainable into the foreseeable future.

Individual Medicare plans are less expensive than group plans

While it may be hard to believe, plans offered through the individual Medicare market are more affordable than employer-sponsored, group Medicare plans. The OPERS Humana/Express Scripts Medicare Advantage Plan costs nearly \$400 per month. A 74-year old retiree can buy a Medicare Supplement Plan F (the medical plan with the highest level of coverage) for less than \$200 per month. In addition, for most retirees, purchasing a drug plan will cost an average of an additional \$39 per month.

Individual Medicare plans can offer more comprehensive coverage

The most popular individual Medicare plan is a Plan F Medicare Supplement Plan. Plan F provides more comprehensive coverage than the current OPERS group Medicare plan and it is offered at a lower rate than OPERS would need to charge for a comparable plan. Retirees selecting this plan will have no deductibles or office visit costs. Retirees who select a supplement plan, such as Plan F, will also need to select a separate prescription drug plan tailored to meet their specific needs.

What is a Medicare Connector?

A Medicare Connector is a company that helps retirees enrolled in Medicare Parts A and B select a plan to supplement the coverage provided by traditional Medicare. A Medicare Connector employs licensed benefit advisors whose job it is to assist retirees in selecting a well-matched individual Medicare plan for themselves and their spouse if applicable.

OPERS will provide eligible retirees with a monthly Health Reimbursement Account (HRA) allowance to use toward the premium for their choice of individual Medicare plan. Any remaining allowance can be used towards the cost of Medicare Part B premiums, a spouse's premium, out-of-pocket medical expenses or future health care costs.

Why use a Medicare Connector?

A key aspect of the OPERS plan to preserve retiree health care is the implementation of a Medicare Connector in 2016. If OPERS had made the decision not to use a Medicare Connector and continued offering a plan similar to the current Humana plan, most retirees would have seen significant increases in costs. Estimates indicated this increase could have reached \$200 per month by 2018 when the health care changes are completely implemented.

Begin empowering your employees

By 2016, OPERS will transition to a Medicare Connector. Please encourage your employees to look to OPERS for information on health care coverage for retirees who are beyond age 65. Although countless brokers and companies offer retirees access to individual Medicare plans, OPERS retirees will only receive an HRA allowance if they enroll in a plan through the OPERS Medicare Connector.

Health care coverage for retirees and dependents under age 65 (and age 65 and over but not eligible for Medicare Part A), will continue to be provided through an OPERS-sponsored plan. Additional information will also be sent to this group to explain the changes.

OPERS will be providing extensive information detailing all aspects of the Connector in the coming months. Please encourage your employees and those retired employees with whom you are in contact to be certain OPERS has their current mailing and e-mail address on file. The OPERS website, www.opers.org, is also an excellent source of information on the Medicare Connector, retiree health care coverage and OPERS pension benefits.