

# 2017 RETIREE HEALTHCARE PLANS PRE-65 COMMUNICATIONS AND COMPARISONS EXECUTIVE SUMMARY



# WHAT IS THE PRIVATE EXCHANGE

- A Private Exchange is a private health insurance marketplace where employees can “buy” benefits:
  - Allows for the City to provide a subsidy to all retirees
  - Provides retirees access to trained advocates that can provide one-on-one education regarding health plan coverage and Medicare.
  - It provides more choice in carriers and plans than traditional group benefit programs
  - Opens opportunities for retirees to have more control over benefits to select the coverage that meets their needs as well as their dependents
  - It is not the ACA public exchange

# WHO IS ELIGIBLE?

- As a retiree of the City of Memphis, you are eligible to participate in a city-sponsored medical plan. You may also enroll your spouse and dependent children who meet the definition of eligibility as defined for health care and/or life insurance benefits.
- Dependent eligibility follows the primary plan member eligibility.
  - You may enroll your dependent children including legally adopted and step-children up to age 26.
  - Spousal Coverage:
    - Effective January 1, 2015, retiree spouses are not eligible to have health insurance coverage through the City of Memphis if they have access to any employer-sponsored health plan.
    - If you are a Pre-65 retiree and a spouse of an active employee, you may enroll as a dependent on your spouse's medical plan as long as you do not have access to insurance through another employer.
    - Retirees and spouses who are eligible for Medicare Parts A & B must enroll when they first become eligible for coverage, usually at age 65.
    - Spouses are eligible for City of Memphis dental and vision benefits, only if the retiree is enrolled in City of Memphis dental and vision plans.

# HRA BENEFITS AND YOU

- Your Health Reimbursement Account (HRA) is money given to you by the City of Memphis each year to pay for health care. If you don't use it all, the balance will "roll over" to the next year and build up over time.
- With that extra money, you may benefit financially from choosing a plan with a higher deductible and lower monthly premiums. Please consider your options.
- HRA Eligible Expenses
  - Premium Expenses
  - Deductible Expenses
  - Prescription Deductibles and Co-Pays

Proposed Annual HRA Funding Amounts for Retirees		
Category	Retiree (Individual)	Family
Pre-65 Line of Duty Disability	\$10,000	\$20,000
Pre-65 Ordinary Disability	\$5,000	\$10,000
Pre-65 Others	\$3,500	\$7,000
Post-65 Medicare	\$1,000	\$1,500

# PRE-65 MEDICAL PLAN COMPARISONS INDIVIDUAL

FOR ILLUSTRATIVE PURPOSES ONLY

CURRENT	Grandfathered (LOD/OD) 2017 Premier Plan	Non- Grandfathered 2017 Premier Plan
Monthly Premiums	\$236.34	\$806.71
Annual Deductible	\$300	\$300
Annual Out-of-Pocket (OOP) Maximum-Medical	\$3000	\$3000

PRIVATE EXCHANGE**	2017 Private Exchange Cigna Connect 2500 Choice	2017 Private Exchange Cigna Connect 3500 Choice	2017 Private Exchange Cigna Connect 6650 Choice
Monthly Premiums	\$793.00	\$975.00	\$634.00
Annual Deductible	\$2500	\$3500	\$6650
Avg HRA Subsidy*	\$3,500	\$3,500	\$3,500
Annual Out-of-Pocket (OOP) Maximum-Medical	\$7150	\$7150	\$7150
OOP less subsidy	\$3650	\$3650	\$3650

\*Higher subsidy available for LOD and OD retirees, \*\* Examples, more than three plans available, Plans will cover 100% of costs after the Out of Pocket Maximum is reached

# PRE-65 MEDICAL PLAN COMPARISONS FAMILY

FOR ILLUSTRATIVE PURPOSES ONLY

CURRENT	Grandfathered (LOD/OD)	Non-Grandfathered
Monthly Premiums	\$468.71	\$1,613.42
Annual Deductible	\$600	\$600
Annual Out-of-Pocket (OOP) Maximum-Medical	\$7000	\$7000

PRIVATE EXCHANGE**	2017 Private Exchange Cigna Connect 2500 Choice	2017 Private Exchange Cigna Connect 3500 Choice	2017 Private Exchange Cigna Connect 6650 Choice
Monthly Premiums	\$1586.00	\$1950.00	\$1268.00
Annual Deductible	\$5000	\$7000	\$13,300
Avg HRA Subsidy*	\$4,000	\$4,000	\$4,000
Annual Out-of-Pocket (OOP) Maximum-Medical	\$14,300	\$14,300	\$14,300
OOP less subsidy	\$10,300	\$10,300	\$10,300

\*Higher subsidy available for LOD and OD retirees, \*\* Examples, more than three plans available, Plans will cover 100% of costs after the Out of Pocket Maximum is reached

# PLAN SIMILARITIES

The plans offered on the exchange are similar to the plans the City offers in that:

- Preventive care is covered at no-cost
- You cannot be denied coverage based on pre-existing conditions
- You can cover dependents up to age 26

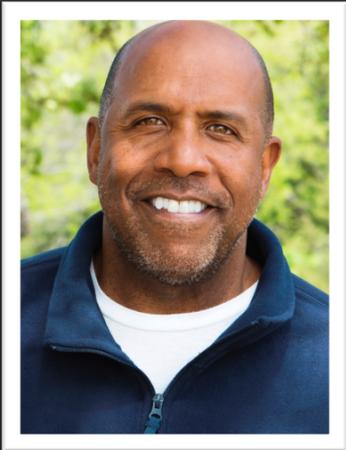
# AFFORDABLE CARE ACT SUBSIDY AVAILABILITY

Family Size	Income Levels for for Lower Monthly Premiums Plus Extra Savings (Silver Plans)	Income Levels for Lower Monthly Premiums
2	\$40,050	\$64,080
3	\$50,400	\$80,640
4	\$60,750	\$97,200
5	\$71,101	\$113,760

# EXAMPLES

# SIDE-BY-SIDE PLAN COMPARISON: PRE 65 GRANDFATHERED

FOR ILLUSTRATIVE PURPOSES ONLY



Meet George. George is 58 and always makes sure to use an in-network provider when he goes to the doctor. George was grandfathered into the retiree health plan. Below is a comparison between George's costs if he has a \$5000 hospitalization. Let's look at how George's premiums and out-of-pocket expenses would look under each plan option. George's HRA offsets his premiums and leaves him money to go toward other out of pocket expenses.

	2017 Premier Plan	2017 Private Exchange Cigna Connect 2500 Choice
Annual Premium	\$2,836.08	\$9,516
HRA Funding	\$0	-\$10,000
Out of Pocket Max	\$3000	\$5000
<i>Total Spent</i>	<i>\$5,836.08</i>	<i>\$4,516 (Savings of \$1,320)</i>

\*Higher subsidy available for LOD and OD retirees, \*\* Examples, more than three plans available, Plans will cover 100% of costs after the Out of Pocket Maximum is reached

# SIDE-BY-SIDE PLAN COMPARISON: PRE 65 NON-GRANDFATHERED

FOR ILLUSTRATIVE PURPOSES ONLY



Meet Loretta. Like George, Loretta is also 58 and makes sure to use an in-network provider when she goes to the doctor. Loretta was not grandfathered into the retiree health plan. Below is a comparison between Loretta's costs if she has a \$5000 hospitalization. Let's look at how Loretta's premiums and out-of-pocket expenses would look under each plan option. Loretta's HRA offsets her premiums and leaves money in her pocket to go toward other related expenses.

	2017 Premier Plan	2017 Private Exchange Cigna Connect 2500 Choice
Annual Premium	\$9,680.52	\$9,516
HRA Funding	\$0	-\$3,500
Out of Pocket Max	\$3000	\$5000
<i>Total Spent</i>	\$12,680.00	\$11,016 (Savings of \$1,664)

\*Higher subsidy available for LOD and OD retirees, \*\* Examples, more than three plans available, Plans will cover 100% of costs after the Out of Pocket Maximum is reached

# SIDE-BY-SIDE PLAN COMPARISON: PRE 65 NON-GRANDFATHERED FAMILY

FOR ILLUSTRATIVE PURPOSES ONLY



Susan Strong is retired from the City and does not currently receive a subsidy. She is married with no dependent children. The Strongs' household income is \$75,000 and they are not entitled to a tax credit under the ACA. The Strongs' plan would look at follows:

	2017 Premier Plan	2017 Private Exchange Cigna Connect 2500 Choice
Annual Premium	\$19,361.04 (\$1642/mo)	\$16,899.36 (\$1408/mo)
HRA Funding	\$0	-\$7,000
Out of Pocket Max	\$7,000	\$13,100
<i>Total Spent</i>	\$26,361.04	\$22,999 (Savings of \$3,361)

# SIDE-BY-SIDE PLAN COMPARISON: PRE 65 GRANDFATHERED FAMILY

FOR ILLUSTRATIVE PURPOSES ONLY



John Carter is retired from the City and is on LOD Disability. He has a wife and 2 dependent children. The Carters' household income is \$50,000. The Carters' choose the Cigna Connect plan on the Private Exchange. The Carters' plan would look like: follows:

	2017 Premier Plan	2017 Private Exchange Cigna Connect 1500
Annual Premium	\$5,624.52 (\$468/mos)	\$16,899.36 (\$1408/mos)
HRA Funding	\$0	-\$20,000
Out of Pocket Max	\$7,000	\$13,100
<i>Total Spent</i>	\$12,624.52	\$9,999.36 ( <i>Savings of \$2,625.16</i> )

\*\* Examples, more than three plans available, Plans will cover 100% of costs after the Out of Pocket Maximum is reached

# HOW TO PREPARE FOR ENROLLMENT

- Gather any information you may need to apply, such as: dependent's names, birth dates, ages, Social Security numbers and addresses.
- Look out for enrollment announcements. Take a moment to talk to your spouse about the options, write down your questions and narrow your choices down so you can have a productive conversation with your benefits counselor. A benefits counselor will answer any questions you may have and help you complete your enrollment.
- If you are adding or dropping any dependents, documentation is required and may include items such as a Marriage Certificate; Birth Certificate(s); Certificate of Adoption; proof of legal guardianship; certified copy of a Qualified Medical Child Support order, and a certificate of children of any age who depend on you for financial support because of a physical/mental disability, which was established prior to age 18 or while as an eligible dependent.

# YOUR ENROLLMENT PARTNER!

Through the Private Exchange trained benefit counselors assist with this year's enrollment.

When you meet with your benefit counselor, you will discuss all of your current, as well as new, and updated benefit options. Your benefits counselor will answer any questions and offer you simple, straightforward advice as you sort through your choices.