



HEALTH INSURANCE CHANGES

Frequently Ask Questions

Updated 7/9/2014

The FY 2015 Budget adopted by Memphis City Council on June 17, 2014 represents the balancing of the need to secure the long-term financial stability of the City, to begin working toward fully funding the employee pension, maintain the current level of public services, and invest in economic growth opportunities without raising taxes.

The City's \$551 million pension fund deficit and \$1.3 billion Other Post-Employment Benefits (OPEB) debt were the main reason behind the significant changes contained in the \$618 million budget.

Below are frequently asked questions about the impact of the FY2015 Budget on employee and retiree healthcare benefits.

What healthcare changes did City Council approve in the FY2015 budget?

Effective 10/1/2014

24% mid-year medical premium increase for both active and retired employees based on cost of coverage. However, since the City of Memphis is self-insured the dollar amount of the premium is determined based on the experience of the plan. The actual premium amount is determined based on the cost of medical services in the previous year for all covered individuals.

Effective 1/1/2015

- 1) Increased the tobacco surcharge from \$50 to \$120 per family
- 2) A Spousal Carve Out if an employee's spouse has healthcare insurance access through his/her employer
- 3) Pre-65 Retiree "Access Only" Plan
- 4) Post-65 Full Medicare Retiree "Access Only" Plan or a 25% subsidy for the retiree only if a city-sponsored Medigap, Medicare Advantage and/or Part D plan is chosen.

What is "Access Only" Coverage?

Beginning 1/1/2015, certain retirees will have "Access Only" coverage meaning that the City will no longer subsidize the 70% of their medical insurance premium. The retiree will still have full access to the City sponsored medical plan, but the retiree will be responsible for 100% of the cost if he/she chooses to remain in the City sponsored medical plan.

Why is the City no longer providing the premium subsidy to retirees?

The FY 2015 Budget adopted by Memphis City Council on Tuesday, June 17, 2014 represents the balancing of the need to secure the long-term financial stability of the City, to begin working toward fully funding the employee pension fund, maintain the current level of public services, and invest in economic growth opportunities without raising taxes.

The City's \$551 million pension fund deficit and \$1.3 billion Other Post-Employment Benefits (OPEB) debt were the main reasons behind the significant changes contained in the \$618 million budget.

Because of the mid-year premium increase, will I have the option to change medical plans?

Yes. You will be given an opportunity to switch medical plans, enroll or delete dependents, or cancel your coverage during a Special Enrollment period.

When is the Special Enrollment period?

The Special Enrollment period will run from Monday, July 21, 2014 through Friday, August 1, 2014

Can I switch to my spouse's employer sponsored plan during the City's Special Enrollment period?

You will need to check your spouse's employer eligibility guidelines but usually you can only join plans outside the regular open enrollment period if you have a qualifying life event (i.e. – marriage, divorce, birth of a child, etc.). Additionally, because the City's Special Enrollment period does not create a 'loss of coverage' situation, most likely, you will have to wait until the open enrollment period of your spouse's plan.

What does "Spousal Carve-Out" mean?

Effective 1/1/2015, spouses are no longer allowed to have coverage through the City of Memphis if they have access to their employer's sponsored plan. The City is implementing the Spousal Carve-out that requires all employees' spouses to enroll in their employer's sponsored medical plan.

What if my spouse works but his/her employer does not offer medical insurance or he/she is not eligible to enroll in the offered plans?

In this scenario, you will be allowed to cover your spouse on the City's plan as long as you and your spouse complete and sign the Spousal Affidavit. It is important to keep the City informed of any changes in your spouse's coverage options as all affidavits are subject to random audits.

I am a City employee and so is my spouse. Does the spousal carve-out apply to us?

No. If you and your spouse both work for the City, the current eligibility guidelines of the plan will continue to apply. You may each enroll in single coverage or one of you may enroll the entire family.

If I am currently paying a Spousal Surcharge, will it continue?

The spousal surcharge will continue until the 1/1/2015 Spousal Carve-out is implemented unless there is a change to your spouse's coverage during the Special Open Enrollment period where the surcharge is no longer required.

I am a widow or dependent child receiving a Line of Duty (LOD) disability pension benefit. Is the City eliminating the subsidy paid toward my medical plan premium?

If your spouse was killed in the line of duty you will continue to receive the City's subsidy. If you are post-65, the city will continue the subsidy if you do not have both Medicare A and Medicare B.

What if I have Medicare A&B but my spouse does not? What are my options?

If you are a retiree enrolled in Medicare A&B you can choose to enroll in the family 'access only' coverage or you can enroll in one of the 25% subsidized city-sponsored Retiree options. Or you may find plan options that better meet your needs through another source. If you choose the City's 25% subsidy option for yourself, your spouse can enroll in a single 'access only' plan; or choose an outside plan such as enrollment through the healthcare market exchange (www.healthcare.gov.)

I am not eligible for Medicare or I was told previously that enrollment in Medicare Part B is not required. What happens to my City sponsored medical plan?

The City is 'grandfathering' retirees that were hired prior to the City paying into Medicare, and will continue the subsidy toward your city-sponsored medical plan. Further, retirees who retired prior to 1/1/2014 who have either Medicare A only or Medicare B only will also continue to receive the City's subsidy due to the imposed Medicare penalties after your initial eligibility. Employees who retired on or after 1/1/2014 are required to enroll in Medicare A&B when eligible and will not be grandfathered to receive the City's subsidy.

Can I drop my Medicare Part B Coverage, keep the 70% subsidy and remain in the City's medical plan?

No. Anyone who drops Medicare Part B coverage after 1/1/2014 will continue to be treated as if they have full Medicare and will only qualify to enroll in the City's 'access only' medical plan.

I am a pre-65 retiree not eligible to enroll in Medicare. Am I eligible to receive the City's subsidy?

A pre-65 retiree who is not eligible for Medicare on his/her own and not eligible through a spouse, will be grandfathered to receive the City's medical subsidy after turning age 65 and will have the opportunity to enroll in the City's medical plan at the next open enrollment period.

I keep hearing I can purchase coverage on the Healthcare Market Exchange. Is this the same as ObamaCare and Affordable Care?

Yes, these are the same and the website is www.healthcare.gov

Is it true that a person's income can be too high to purchase coverage on the Market Exchange?

No. Everyone is eligible to choose a plan on the exchange. Some people may have lower premiums for the same plan design if their income falls below a specified threshold.

I am a pre-65 retiree and cannot afford the 'access only' premiums, what are my options?

If you do not have coverage options through an employer or your spouse's employer, you may want to visit the market exchange website at www.healthcare.gov to compare plans and cost.

Why is the tobacco/nicotine surcharge increasing \$70?

The City is increasing the surcharge 1/1/2015 in an effort to offset the expenses related to tobacco and nicotine related illnesses. Studies show that individual nicotine users each add on average an additional \$3400 to the claims cost annually.

Will the tobacco/nicotine surcharge apply to each person in my family who uses?

No, the City will continue to apply the surcharge per family.

Is there help for individuals who would like to stop using nicotine?

Yes, the City offers a Cigna smoking cessation program. There is no additional charge to the plan member. You can enroll anytime by calling the customer service number on the back of your Cigna membership card (1-800-244-6224) or by going online at www.mycigna.com.

Is the Smoking Cessation program available to my family members?

Yes, the program is available to all family members covered by the City's medical plan.

I am a retiree who uses nicotine. If I enroll in the City's 'access only' plan, does the tobacco surcharge apply to me?

Yes, if you are a nicotine user and you enroll in the 'access only' plan, you will pay the surcharge in addition to your medical premium.

How can I have the tobacco surcharge waived?

You may have your surcharge waived by enrolling in Cigna's Smoking Cessation program or by choosing to work with your personal physician. Look for details during the regular open enrollment period (November, 2014).

Am I required to complete the Tobacco/Nicotine Affidavit and am I subject to an audit?

Yes, you will have to complete the affidavit and the random audits will continue.

When is the regular Open Enrollment period?

November 3, 2014 through November 21, 2014

What changes can I make during the regular open enrollment period?

November is when you can view or make changes to all the City benefits in which you are eligible to enroll, such as medical, dental vision, etc. You will be able to add or delete dependents at this time.

If a retiree opts out of the City's medical plan, will the right to re-enroll be lost forever?

All retirees currently enrolled in the City's medical plan will have the option to select a City plan or an outside plan during the regular Open Enrollment period in November 2014 without waiving the right to return to the City's coverage. Retirees, who opted out of the City's plan during previous years, will not be allowed to re-enroll in the future. Likewise, if you opt out of the plan during the Special Enrollment period in July 2014, you waive your enrollment rights forever.

As a retiree, am I required to enroll in Medicare when I become eligible?

You will have to decide if you want to enroll in full Medicare but if you are eligible and choose not to enroll and you are covered by the City's 'Access Only' plan, your claims will be treated as if you were enrolled in Medicare.

I did not find my answer in this Q&A, who can I contact for additional information?

If you have further questions, you may reach the City's Health, Wellness and Benefits office by email benefitsquestions@memphistn.gov or to speak to a representative call 901-636-6800 or 1-866-543-4367.