AT&T Plans for a Medicare Retiree Health Exchange

CWA Review for District 6 Legacy S Local Officers, Retiree Council Presidents and Staff

August 13, 2014
CWA Research Dept.
WHAT YOU NEED TO KNOW ABOUT AT&T’S PLANS FOR MEDICARE EXCHANGES

- Timeline for Implementation
- Medigap Policies and Medicare Exchanges
- The Health Reimbursement Account
- Resources
- Where to Go with Questions
Caveats

- This presentation represents CWA’s understanding and interpretation of the Medicare Retiree Health Exchange being offered by AT&T beginning in 2015.
- For detailed information from AT&T and Aon, go to www.myretireehealthexchange.com.
- On the website, access:
  - Educational videos
  - Checklists, guides, documents
  - Answers to frequently asked questions.
WHO, WHAT, WHEN, WHERE, WHY AND HOW
WHO

- The change affects “Retirees and their dependents who are Medicare eligible on or after January 1, 2015.”

- Does NOT affect:
  - Grandfathered pre-9/1/1992 retirees who will continue to be covered under their current plan at no premium cost.
  - Pre-age 65 retirees or dependents who are not Medicare eligible.
  - Individuals receiving Medicare Disability benefits who are under age 65.
WHAT

○ “AT&T will provide access to retiree health insurance coverage that supplements government-sponsored Medicare through a private insurance marketplace, apart from the federal government’s Affordable Care Act exchanges.”
  ○ AT&T will no longer sponsor a group health plan for Medicare retirees and dependents.
  ○ Instead, AT&T will offer individual coverage through a private retiree health exchange run by Aon.
In the fall of 2013, the company began rolling out the plan to switch from company-provided group health insurance to a private exchange for Medigap coverage. They did this to provide a long period for education of retirees.

2014 will include education opportunities and the enrollment period for 2015 coverage.
WHERE

- **Nationwide**
  - The Aon Retiree Health Exchange will provide coverage for every Medicare-eligible retiree and dependent (not including those on Medicare Disability benefits under age 65).
**Why**

- “This approach continues to provide you with significant support while moving towards a market level benefit for retirees.”
- AT&T has joined the growing number of employers who are getting out of the business of providing retiree health benefits.
- The company will reduce its administrative overhead and cap its retiree health liability.
How

“This new approach will replace your AT&T medical plans and will let you choose insurance with the terms, cost, and coverage that best fits your needs, while still receiving financial support from AT&T if you are eligible.”

- The exchange will offer a variety of individual Medigap and Medicare Advantage plans.
- Rather than group health coverage – uniform benefits at universal rates – the cost of coverage will depend on the age of the retiree or dependent, the location and health costs in that area, and the specific plan selected.
- AT&T will offer a health reimbursement account (HRA) to help offset the cost of coverage. The HRA may be used to pay monthly premiums or to reimburse for out of pocket costs for eligible medical, prescription drug, dental and vision plans.
TIMELINE FOR IMPLEMENTATION OF THE AON RETIREE HEALTH EXCHANGE
**TIMELINE: APRIL–JUNE 2014**

- **April:** *Transition Guide* mailed
  - Explains basics and process of the new program

- **May:** *Education Kit* mailed
  - Includes letter with time and date for telephone call with Benefits Advisor
  - Information also available on website [www.myretireehealthexchange.com](http://www.myretireehealthexchange.com)

- **May – June:** *Meetings and Webinars*
  - Meetings across the country – 8 in CA
  - 12 Webinars offered
  - Set up online account
TIMELINE: JULY-SEPTEMBER

- **July – September: Education Appointments with Benefit Advisors**
  - Must call to confirm or reschedule the education appointment
  - Benefits Advisor will then call to review current coverage, Rx, doctors, etc
  - Info based on 2014 plans and costs; 2015 plans and cost available in October
  - Benefit Advisor will discuss the HRA
TIMELINE: SEPTEMBER

- **September**: Enrollment Kits mailed
  - From Aon Retiree Health Exchange
  - Includes info about pre-scheduled enrollment appointment with Benefits Advisor
  - Includes insurance guide
  - Retiree must confirm or reschedule enrollment appointment
**Timeline: October–December**

- **October – December: Complete Enrollment**
  - Benefits Advisor will call retiree for the enrollment appointment
  - Benefits Advisor will guide retiree through the selection and enrollment process
  - The retiree can also enroll online, but must confirm choices with Advisor
Medigap Policies and Medicare Exchanges
Currently, AT&T’s Medicare-eligible retirees get coverage from **two main sources:**
- **Original Medicare** is the primary payer
- **AT&T’s retiree group health insurance plan** is secondary, picking up charges that Medicare does not cover.

**Beginning in 2015** AT&T’s group insurance plan will be replaced with access to a **private insurance exchange** where retirees can purchase individual Medigap policies.
# What Does Medicare Cover?

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Description</th>
<th>Works with Medigap?</th>
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</thead>
<tbody>
<tr>
<td><strong>Part A</strong></td>
<td>(Original Medicare)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Covers inpatient hospital, skilled nursing, hospice, home health care</td>
<td><strong>Yes.</strong> Mandatory in order to get Medigap coverage.</td>
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<tr>
<td></td>
<td>• Copayments, coinsurance, and deductibles may apply</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• No premiums</td>
<td></td>
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<tr>
<td><strong>Part B</strong></td>
<td>(Original Medicare)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Covers doctors visits, outpatient hospital, devices, preventive services</td>
<td><strong>Yes.</strong> Mandatory in order to get Medigap coverage.</td>
</tr>
<tr>
<td></td>
<td>• Copayments, coinsurance, and deductibles may apply</td>
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<tr>
<td></td>
<td>• Premiums apply</td>
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<tr>
<td><strong>Part C</strong></td>
<td></td>
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<tr>
<td></td>
<td>• “Medicare Advantage”</td>
<td><strong>No.</strong> Illegal to buy Medigap when covered by Medicare Advantage.</td>
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<tr>
<td></td>
<td>• Single private policy that can include A, B, D, and/or other benefits</td>
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<tr>
<td><strong>Part D</strong></td>
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<td></td>
<td>• Separate prescription drug coverage</td>
<td><strong>Yes.</strong> Medigap does not cover drugs.</td>
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</table>
What is a Medigap Policy?

- A Medigap policy, or Medicare Supplemental Insurance is health insurance sold by private insurance companies to fill the “gaps” in Original Medicare Plan coverage.
- Medigap policies help pay some of the health care costs that Original Medicare doesn't cover.
- Medigap is different from a Medicare Advantage plan, which provides complete Medicare benefits and may also include other benefits, like prescription drugs.
**THINGS TO KNOW ABOUT MEDIGAP POLICIES**

- Must have both **Medicare Part A and Part B**.
- Pay a **monthly premium** to a private insurance company in addition to monthly Part B premiums paid to Medicare.
- A Medigap policy covers only **one person**. Married couples will need separate policies.
- A standardized Medigap policy is **guaranteed renewable** as long as you pay the premium.
- Medicare prescription drug coverage is sold separately as **Medicare Part D**.
**MEDIGAP POLICIES ARE STANDARDIZED**

- Plans are identified by letters of alphabet, A-N
- Different letter plans include different benefits, coverage levels
- None include prescription drugs; must enroll in separate Medicare Part D prescription drug plan
- Rates can vary based on age, location, insurer
# Medigap Policies Are Standardized

<table>
<thead>
<tr>
<th>Benefits</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>F*</th>
<th>G</th>
<th>K</th>
<th>L</th>
<th>M</th>
<th>N</th>
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<tbody>
<tr>
<td>Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used)</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>Medicare Part B coinsurance or copayment</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>50%</td>
<td>75%</td>
<td>100%</td>
<td>100%</td>
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<td>Blood (first 3 pints)</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>50%</td>
<td>75%</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>Part A hospice care coinsurance or copayment</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>50%</td>
<td>75%</td>
<td>100%</td>
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<td>Skilled nursing facility care coinsurance</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>50%</td>
<td>75%</td>
<td>100%</td>
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<tr>
<td>Medicare Part A deductible</td>
<td>100%</td>
<td>100%</td>
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<td>50%</td>
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<td>Medicare Part B deductible</td>
<td>100%</td>
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<td>Medicare Part B excess charges</td>
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<td>100%</td>
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<td>Foreign travel emergency (up to plan limits)</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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Out-of-pocket limit in 2014**

$4,940 $2,470

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MEDICARE ADVANTAGE PLANS

- Comprehensive plans including Part A, B and drug coverage
- May also include other benefits: dental, hearing, vision
- Use in-network doctors, like an HMO
- May require copays and out of pocket costs
- Caps on out of pocket costs
- Often have lower premiums
WHAT IS AN EXCHANGE?

- An exchange vendor contracts with insurance carriers to **offer a variety of Medicare supplemental policies (Medigap) and Medicare Advantage** plans to retirees of participating employers.

- The plans are **individual plans**; not group rated.

- The **retiree may select** from among the plans offered on the exchange; the spouse must select a separate plan – can be different plan.

- The vendor provides **administrative and customer service functions** for the program.
Health Reimbursement Account
AT&T WILL CONTRIBUTE TO RETIREE HEALTH THRU AN HRA

- AT&T to contribute for retiree and spouse:
  - Retiree contribution = $2700
  - Spouse contribution = $1500
  - Couple contribution = $4200

- Spouse contribution only for 65+ spouse
  - Pre-65 spouse covered under pre-65 plan

- The contribution amount for 2015 is “comparable to” amount in 2014 -- between 70% - 80% of costs.
MORE ON HRAS

- The retiree must be enrolled in either the medical or the Rx plan or both to get the HRA.
- HRA monies must be spent on benefits offered in the Aon Retiree Health Exchange.
- Exchange benefits will include medical, Rx, dental and vision.
- HRA can pay for monthly premiums and/or out of pocket expenses.
- Any balance in the account at the end of the year is rolled over.
GETTING REIMBURSEMENTS FROM THE HRA

1. Retiree pays premium to insurance carriers for each plan
   - Carrier may offer auto-pay option from checking or savings accounts
2. Insurance carrier notifies HRA administrator that premium payment has been received
3. HRA sends reimbursement to retiree
4. For out of pocket expense reimbursements, must send proof of payment receipts to HRA Administrator.
RESOURCES AT MYRETIREEHEALTHEXCHANGE.COM

- Videos –
  - Retiree health changes
  - Medicare Advantage and Medigap Plans
  - Prescription Drug Coverage

- Documents –
  - Transition Guide
  - Guide to Medicare and Medigap Coverage
  - Checklist for Enrollment
WHERE TO GO WITH QUESTIONS

1. Check the website – [www.myretireehealthexchange.com](http://www.myretireehealthexchange.com)
   - Under “Important Documents” see “Frequently Asked Questions”
2. Retiree contacts dedicated Aon Benefits Advisor
3. Aon Retiree Health Exchange
   - 1-800-928-8027
   - 7am – 10pm Central Time