

WARF Healthcare Discussion – L Rinker presentation 10/15/21

- I'm here to present a real life example of costs within the WMU healthcare plan and options available outside of it....my presentation does NOT address those of you in the MPSERS retiree healthcare system. Lisa Fuller and Gigi Stellema will follow me with specifics on the types of programs available and the logistics involved if you decide to choose one of those options.
 - First of all....my example reflects real cost comparisons for my wife's coverages...she left the WMU spouse coverage and enrolled in the UHC plan three years ago. The examples I'll show you pertain to post-65 Medicare participants (WMU's and the alternative plans all require Medicare parts A & B participation)
 - If you decide to seek an alternative to WMU health insurance, there are really two options that Lisa and Gigi will talk more about...Medicare Advantage plans and Medigap plans
 - My example is the Medigap Plan G offered through AARP by United Health Care, which was procured through the Paul Goebel Group in G.R. – Gigi Stellema
 - The Medigap plans work similarly to WMU's plan in that they wrap around Medicare as the primary payer.....It should be noted that the examples I present here assume a Medicare eligible enrollee....a reminder, these plans are not available to pre-65 retirees or spouses.

- Leaving WMU's retiree healthcare can be a scary proposition....but it shouldn't be
 - First of all, if after leaving WMU's plan, you decide a Medigap (or Medicare Advantage) wasn't what you wanted, you can always switch your spouse back to the WMU plan during the next fall open enrollment (providing WMU Retiree is still living and on the WMU plan).....I have that in writing from HR. Secondly, I think you'll find that the health claim process works very similarly to what you are used to. And lastly, for spousal health coverage, who doesn't want to save over \$8K a year.
 - My example is my wife Kathy's actual rates (age 70 now) and options. Kathy's sister and her husband have been on this plan for 8 years, and Kathy has been enrolled for 3 years, and all have been very happy with the coverage and rates
 - You'll note in my example that Kathy opted not to do a vision add on since her vision claims have been classified as medical.
 - A disclaimer is that there are a few items covered by WMU that are not covered by Medicare or Medigap plans....they include therapeutic massage, chiropractic adjustments and a hands-on annual physical exams (they do cover an annual "wellness visit" but \$8K in savings buys a lots of those kinds of services.
 - The numbers in these slides are based on current year rates...and the message for 2022 is essentially the same as it was last time I presented this info. WMU's rates and deductibles are up a couple of hundred dollars, as are the rates for the Medigap options. Both WMU and the UHC plans have premiums and both require Medicare enrollment. You can follow along on the handouts of these two slides.

WARF Healthcare Discussion – L Rinker presentation 10/15/21

- Looking first at the LEFT side Spouse slide (WMU/Medicare)....you'll note that the premium dollars are shown across the top.
 - The \$9,298 is the current spouse portion of the annual health premium for WMU's plan
 - The \$1,782 is the annual amount deducted from her soc sec checks for Medicare parts A & B (hospital & professional services)
 - The \$900 is the individual annual WMU deductible and the \$1687 is Medicare annual deductible \$1484 part A, and \$203 part B.
 - The \$1100 represents the amount of out-of-pocket max not already absorbed by the \$900 annual deductible
 - So, if you're a reasonably active user, your costs before co-pays would be a little over \$13K

- Looking at the RIGHT side of the Spouse slide (AARP-UHC Medigap G)
 - The \$2,400 for UHC Medigap G plan was \$151/mo + Part D Aetna Rx \$7/mo + BCBS Dental \$42/mo (to include vision it was about \$15/mo more...or \$180 annually)....cost of this plan can vary depending on Rx (many choices on the Medicare website)
 - The Medigap (AARP-UHC) plan covers the annual deductible for part A of \$1484, and also covers the 20% hospital co-insurance not covered by Medicare.
 - So, the same active user of the UHC/Medigap plan would see costs of approx \$4400....there are no co-pays (other than Rx) once the \$203 annual Medicare ded is met

- When you add the effect of the annual deductibles and the out of pocket max, for spouse....the WMU plan would cost an active user of the plan approx \$13,080 (assuming normal usage and claims) while the UHC option would cost about \$4,385....or an estimated savings of \$8,700 annually

- The second slide is for the retiree only....all the numbers are the same except for the WMU premium, which has a large subsidy for the retiree.
 - At this time it's not worth considering a switch for the retiree....savings are projected to only a bit over a \$1000 annually....considering it has limited coverage for chiropractic, therapeutic massage, and access to Sindecuse Rx
 - But...if premiums continue to rise, co-insurance %, co-pays, deductibles and out-of-pocket all go up.....at some point it will be worth walking away from WMU's health plan entirely, even for the retiree....we have discussed that in our household, and I expect that probably by the next contract we may be making that move.