

PURDUE UNIVERSITY RETIREES ASSOCIATION
BENEFITS COMMITTEE
ANNUAL REPORT
2009-2010

Benefits Committee Members

Marion Bonacorsi (2015)	Betty Nelson (2010)
Charles H. Brown (2013)	Terry Phillips (2010)
Martha Chiscon, Chair (2013)	Robert W. Smith (2010)
Charles Ehresman (2010)	Clifford Swensen (2012)
Jeris Eikenberry (2010)	Charles Tritschler (2011)
Fred Ford (2011)	Joseph Uhl (2013)
Felix Haas (2011)	Lois Wark (<i>ex officio</i>)
Sharon Hysong (2011)	James Yackel (2010)
Chris Johannsen (<i>ex-officio</i>)	

Goals and Mission of the Retiree's Benefits Committee

When in the Course of human events, it becomes necessary for one group of people to justify the enterprise upon which they have entered, a decent respect to the opinions of mankind requires that they should declare the purposes which impel them to their activities. The mission of the Benefits Committee is to initiate and encourage all activities that concretely contribute to the wellbeing of Purdue University Retirees.

The Purdue University Policy IV.3.1, Status and Privileges of Retired Faculty and Surviving Spouses and Children, originally issued on May 10, 1971 and revised December 12, 2001 outlines the specific benefits extended by the University. These include participation in Group Life Insurance up to age 65, a personal identification card, complimentary 'A' parking permits, purchase of tickets to various Purdue events at staff rates, and use of the University facilities.

It is the purpose of the Committee to expand upon and add to these specific University policies that contribute to the wellbeing of retirees. These activities have included affordable health insurance, activities which promote health, and a variety of voluntary insurance products. A part of this mission is to make these products user-friendly through exhorting the service providers to provide understandable literature and easy access to the resolution of problems.

Income is vital to retirees. The Committee has been concerned with the service provided to retirees by those from whom income is received, especially TIAA-CREF.

The committee has been concerned with making University activities more accessible to retirees though providing affordable fees for admission to University sponsored events, desirable seating arrangements and improved accessibility for those who are physically handicapped.

The committee seeks to reduce the number and severity of retiree's problems through education/information programs that help active faculty and staff make decisions before retirement that improve the quality of life after retirement.

Finally, the committee is sensitive to resolving problems that are encountered by retirees, and tries to anticipate future problems through current activities designed to avoid such problems, or to minimize and mitigate them when they do arise. (August 9, 2006)

Annual Planning/Transition Meeting. The Benefits Committee began the year at the Annual Planning/Transition Meeting on May 26, 2009. Several goals for the year were discussed. As in prior years; a major goal was related to the renewal process for the PURcare medical supplement. There were still customer service, billing issues and inappropriate mailings to be addressed. Reimbursement for vision claims was still of concern. The lower premium Private Fee For Service (PFFS) UHC plan will end on December 31, 2010. A decision will have to be made to determine if a suitable low- cost replacement exists.

Other issues of concern for the upcoming year include: 1) continuing to seek members for the committee from the retired clerical/service staff; 2) collection of data on retiree selection of medical plan and reasons; 3) collection and monitoring of recent data on the number of retirees in PURcare; 4) continuing concerns about the cost of medical insurance to the under-65 retiree/spouse; 5) codifying the relationship between PURA and Human Resources; 6) monitoring changes in TIAA-CREF operations/costs and encouraging greater access to TIAA-CREF through the local office; 7) continuing to encourage and help with pre-retirement information/education—a possible marketing campaign for PURcare.

PURcare. With the help of the Mercer Company and their representative, Tim Simpson, as well as the Human Resources staff and benefits representatives, the committee determined the changes necessary to the PURcare supplement plan to attempt to contain premium costs. The \$300 deductible for medical coverage was retained. The vision rider in the amount of \$150 was retained and the \$150 wellness benefit was retained. The final negotiated premiums for 2010 were \$282.56/month for medical, vision, wellness and prescription drug coverage for a \$13.02/month (4.7%) increase. For veterans receiving prescription drug coverage through the VA or TRICARE the medical and vision premium was \$205.78/month for a \$9.24/month (4.7%) increase. The full coverage premium cost remains well below the 2005 \$305/month cost. In addition, the value of our medical and prescription drug coverage is excellent and available to access anywhere in the United States. Purdue Human Resources Benefits staff provide outstanding customer service and help our members negotiate the sometimes difficult issues that can arise. Our retirees have extra medical benefits not commonly available in individual plans and have prescription drug coverage not available at any cost in an individual Part D prescription drug plan. Our prescription drug formulary is an open one that has very few restrictions commonly found in individual Part D plans. There are few prior approvals, no step therapy, few limited quantities and no gap in coverage. In addition, for those retirees that meet the catastrophic coverage limit, there is no cost for the remainder of the year.

The premium increase was 4.7% with most of that due to medical cost increases. Without the negotiations carried out by Mercer on our behalf, the premium would have been higher. We are deeply appreciative that Purdue has been able to provide this service to the retirees.

It appears that the \$300 deductible has been applied correctly during 2010. Nevertheless, we have been unable to get the medical explanation of benefits (EOB) to indicate how much of the deductible has been met. This has created some issues when a retiree complains that they already paid the deductible but it is still being applied. As a result we have had to ask that audits be run to be sure the deductible is correctly applied. For 2011 UHC will be using a new EOB that we hope will be more user friendly with information that is understandable. About 1900 retirees are enrolled in PURcare.

At this point in 2010 we continue to have issues with the proper reimbursement of some vision claims as well as major issues related to billing. These billing issues are continuing to be resolved and are a major area of contention with UHC. In June and July 2010 UHC will begin the process of transitioning PURcare away from the PacifiCare legacy system and to the UHC system. We hope this transition will solve all the billing issues. We are VERY concerned that this transition requires that the medical and the Rx premiums be separated and paid for separately. We are worried that this separation could encourage some members to drop the Rx portion for a less expensive individual Part D plan that is much less robust. Currently PURcare members must carry both the medical and the Rx portion unless they are veterans participating in VA or TRICARE Rx coverage and can demonstrate that. Those paying monthly by check will now have to use coupon books—one for medical and one for Rx.

The renewal process for 2010 still has not been satisfactorily resolved. It appeared we would have a very smooth transition from 2009 to 2010 with only the PacifiCare name being changed to UnitedHealth and new medical cards being issued in December 2009. No new benefits were added or changed so it seemed the transition to a new year should be the smoothest ever. Not so! The January 2010 billing was wrong for almost everyone and came after the due date for payment. Electronic fund transfers did not occur properly for many members, vision claims were rejected and the formulary had not been edited properly resulting in many rejected prescriptions. As of mid May, we still have some serious billing issues.

UHC representatives visit quarterly and meet with the committee as well as retirees that have issues with either the medical or prescription coverage. The above issues will result in some performance guarantee payments by UnitedHealth.

The first meeting on the 2011 PURcare renewal process and the impact of the new healthcare legislation will take place in late May 2010. These efforts will continue throughout the summer and early fall. Our timeline is to have any changes to the PURcare plan determined by July and a tentative premium determined in August. A final premium cannot be determined until late August when Medicare sends out its directives for the 2011 year and determines prescription drug subsidies and the out-of-pocket costs for prescription drugs that will trigger catastrophic coverage. We expect to send out our annual letter of renewal by mid October and hold information sessions in early November.

Private Fee for Service Plan. The UHC Secure Horizons PFFS Plan for 2010 is a nation-wide Medicare Advantage Plan that includes a Part D Rx plan. The negotiated premium for 2010 was \$172.42 for an increase of \$14.08/month (8.9%). The co-pay to see a doctor was increased by \$5/visit but the yearly out-of-pocket maximum was retained at \$2600. The plan appeared to work well for those retirees selecting it. Just under 150 retirees are in this plan.

The PFFS plan ends at the end of 2010 and needs to be replaced. UHC is offering a nation-wide PPO as a replacement and the committee will have to determine if we should take that plan or PURA Benefits Committee Annual Report 2009-2010

return to a local plan developed by Clarian-Arnett or eliminate the low-cost plan altogether. The discussions on this issue will continue through the summer. We are currently in discussion with Clarian-Arnett to determine if their expanded plan might serve our need for a low-cost regional Indiana plan.

Added Benefits. UnitedHealth continued their additional benefits for 2010. These include: Health Discount Program which may be useful to some of our members—possibly more to the PFFS plan; NurseLine which can be useful to plan for a doctor visit or decide if symptoms are such that a member should seek medical help; SilverSneakers fitness program which provides a standard health club membership at participating health clubs. The health clubs in the Purdue area include Newtone, Curves and Miracles Fitness. Enrollment is initiated by showing your UHC medical card at a participating health club. You can use your membership anywhere in the country at a participating health club. There are 2600 participating locations and you can identify one when traveling by going to www.silversneakers.com . This latter benefit is very popular with our retirees.

Relationship Between PURA and Human Resources. In the Fall of 2008 the Faculty Compensation and Benefits Committee began to develop information on the relationship between PURA and the Human Resources Department. With the aid of our representative to the Faculty Compensation and Benefits Committee and members of Human Resources, a document was developed. This document will be incorporated into the University as part of Human Resources retiree relations and will help to codify the relationship between the University and its retirees. Institutional memory is only as good as its documentation. Due to the turnover in upper administration, this document is still not in the University Executive Memoranda. We expect that to happen before the end of 2010.

Healthy Purdue. All retirees continue to be advised of immunizations and other health access that is available to them. There is also a new website devoted to resources available to both active employees and retirees www.purdue.edu/worklife . To access these resources the retiree need only log in with their career account user name and password. Not all resources may be available to retirees.

Retiree E-Mail Accounts. The University has agreed on a procedure to allow all official Purdue retirees to retain a purdue.edu account. The process to follow was in the November 2009 PURA Newsletter. All new retirees will be asked if they wish to keep their purdue.edu account. If yes, they will be informed of the process. The Benefits Committee is very pleased with this outcome as e-mail for all has been an ongoing request for some time.

Informational Sessions. Beginning with the “Living to 100” Program (now titled Purposeful Living in Retirement) in the fall of 2004 the committee began to educate retirees about the Medicare Part D legislation. Information sessions have been held each year and are well received by our retirees. Such sessions were again held in November & December 2009 along with UnitedHealth representatives. The 2010 PURcare coverage was discussed and questions answered. Attendance at these sessions was modest. Separate information sessions were held for PFFS members in October and November 2009 to help them understand the choices they had for 2010.

Pre-retiree Informational Sessions. Beginning in the Fall of 2005, the Benefits Committee joined the staff of Human Resources, TIAA-CREF and PERF in presenting

information to active employees concerning retirement planning. These informational sessions have been very well received and were repeated in the Fall of 2006 and 2007. These meetings have been so popular that they are now repeated in the Spring—beginning in 2007—as well as the Fall. The most recent ones were in May 2009 and September 2009. The Spring 2010 presentation was put off due to benefit changes occurring in response to State budget issues. The intention is for the Benefits Committee to continue with this participation. A pre-retirement booklet was being prepared and hopefully will be available for the Fall 2010 meeting.

Marketing PURcare. The Benefits Committee has collected a series of “reasons” why PURcare is a valuable option for retirees and plans to develop some form of marketing to pre-retirees to maintain an appropriate pool of retirees in our sponsored plans. In conjunction with this, the committee has formed a subcommittee to look into the possibility of broadening PURcare to include other institutions of higher education in Indiana. Talks are currently underway with IU to determine the feasibility of such a plan.

Volunteer Benefits. No new volunteer benefits for retirees were rolled out this year.

Campus Access. The committee expressed continued concern over campus access for disabled persons, including retirees.

Retirement Plan Review Task Force. The Chair has participated on this Task Force over the past year and a half. The Task Force is ready to make its final recommendations to the faculty in Fall 2010 for implementation in January 2011. The majority of retirees will not be affected by any changes recommended.

TIAA-CREF Local Office. Although the committee continues to report issues with customer service and errors on the part of TIAA-CREF, having a local office has been very helpful. We are now concerned with appropriate access to the services of the local office. We are also concerned about changes that are taking place at TIAA-CREF and how those changes influence our retirees. Regardless of the changes in the active employee retirement plan at Purdue, the local TIAA-CREF office should not be affected.

Endowment. UnitedHealth has not met its performance guarantees over the past four years. As a result PURA has started an endowment fund with payments made when UnitedHealth missed performance guarantees. A committee was formed which developed a brochure explaining the endowment and setting guidelines for its use for the benefit of Purdue retirees.

Big Ten Retirees Meeting. The Chair of the Benefits Committee along with the President and President Elect of PURA attend this annual meeting. It has been very instructive to compare the retiree medical and other benefits provided by each Big Ten Institution as well as explore the kind of retiree programs offered to retirees at each institution. Purdue successfully hosted this annual meeting four years ago. The upcoming late August 2010 meeting will be hosted by the Indiana University.

Human Resources. The Benefits Committee would like to recognize the major contributions made by the Department of Human Resources to the retirees through the Benefits Committee. Without their efforts we would not be able to carry out our service goals to retirees.

The Benefits Committee of the Purdue University Retirees Association continues to work toward improving benefits for retirees. If you would like to join this effort, please notify Michele Salla at 494-1779.

Submitted by:



Martha O. Chiscon, Chair
PURA Benefits Committee
May 2010