

**PURDUE UNIVERSITY RETIREES ASSOCIATION
BENEFITS COMMITTEE
ANNUAL REPORT
2010-2011**

Benefits Committee Members

Marion Bonacorsi (2015)	John Sautter (2013)
Charles H. Brown (2013)	Clifford Swensen (2012)
Martha Chiscon, Chair (2013)	Charles Rutledge (<i>ex-officio</i>)
Judy Davis (2013)	Charles Tritschler (2011)
Fred Ford (2011)	Joseph Uhl (2013)
Don Gentry (2013)	Lois Wark (<i>ex officio</i>)
Karen Hatke (2013)	
Sharon Hysong (2011)	
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 though 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 June 4, 2010. Several goals for the year were discussed. These included: 1) Look at Off-the-Shelf supplement plans and compare to current PURcare; 2) Seek a lower-cost plan to replace the PFFS plan—possibly the Clarian State Plan; 3) Set up a Managing, Marketing and Communication Sub-Committee; 4) Continue to monitor Federal legislation as it relates to senior healthcare; 5) Assess state agencies in terms of services that may be of value to Purdue retirees; 6) Continue to press for codifying the retiree relationship into HR; 7) Develop tools to help educate pre-retirees on the value of PURcare.

As in prior years; a major goal was related to the renewal process for the PURcare medical supplement. There were still major customer service, billing issues and inappropriate mailings to be addressed. These became more challenging following the changeover from the PacifiCare billing system to the UHC system. As of May 2011, those issues look like they finally are being resolved. Reimbursement for vision claims was still of concern. The lower premium Private Fee For Service (PFFS) UHC plan ended on December 31, 2010 and was replaced with a UHC Medicare Advantage Plan (MA-PD PPO). The Clarian-Arnett Plan was not a suitable alternative since it did not cover the entire state of Indiana. As it turned out, the UHC plan overlooked 3 of our counties and a handful of retirees had to select the PURcare plan instead of their desired choice of the new MA-PD PPO.

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 and educating retirees on the changes that affect them as the University moves to a new retirement platform and record keeper for active employees--Fidelity; 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 Services 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. The \$150 wellness benefit was dropped with the assumption that the new Medicare annual wellness exam would replace it. The final negotiated premiums for 2011 were \$263.01/month for medical, vision and prescription drug coverage for a \$19.55/month **decrease**. For veterans receiving prescription drug coverage through the VA or TRICARE the medical and vision premium was \$205.45/month for a \$0.33/month **decrease**. 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 Services 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 decrease was primarily due to the reduction in cost for prescription drug coverage. This reduction was made possible because the pharmaceutical companies were subsidizing the donut-hole coverage. They, and not UHC covered 50% of drug costs in the donut hole. Retirees should notice no change in their drug costs except that the premium was lower.

The \$300 deductible was applied correctly during 2010 but the EOBs still did not show the retiree how much was paid with each service. Only in 2011 did the new EOBs begin to show the current deductible paid on each statement. About 1900 retirees were enrolled in PURcare through 2010. As the retirement incentive package works its way through the system, we expect between 2000 and 2100 PURcare members for 2011.

Throughout 2010 and up to the present we continue to have issues with the proper reimbursement of some vision claims as well as major issues related to billing. These billing issues were exacerbated as the PacifiCare legacy billing system was shut down and billing was moved to the UHC system. This transition took place on August 1, 2010 and resulted in a separation of the medical and prescription drug premiums and the institution of coupon books for each plan. The issues became so serious that UHC ultimately assigned Purdue to a special Premier Account Gold Package that is dedicated to resolving issues quickly and satisfactorily. As of mid-May, most of the billing issues related to this transfer have been identified and should be entirely resolved by mid-summer—almost a full year after the transfer.

One of the major concerns was that splitting the medical and Rx premium would result in members looking elsewhere for lower cost, less robust Rx coverage and that we would have difficulty tracking this. This fear has not materialized. In addition, UHC, through the Premier Account Plan, now provides reports that highlight anomalies of coverage so they can be resolved quickly. 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.

Even though the transition from 2010 to 2011 was to have been a smooth one, all the billing issues that ensued are just now coming to a conclusion. A decision was made by the Committee to not try to rejoin the medical and Rx premiums at this time for fear of causing more confusion for our members.

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 for both 2010 and 2011. At this point, there have been performance guarantee penalties paid each year. If the new Premier Account Gold Package system continues to work as well as currently, it is possible that 2011 will be the last year in which performance guarantee penalties are assessed.

The first meeting on the 2012 PURcare/MA-PD PPO renewal process and the impact of the new healthcare legislation will take place in June and July of 2011. The Committee hopes to have a new consultant on board to help with the negotiations. The renewal process 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 2012 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. At this point, it is not clear how the coverage of the donut hole will be handled in 2012. That outcome will be the major determinant of our premium change as the medical premiums have been relatively stable over several years.

UHC Medicare Advantage PPO Plan. The UHC Secure Horizons PFFS Plan for 2010 ended on December 31, 2010. The Committee reviewed the Clarian-Arnett Plan but decided its coverage was too narrow to serve our retirees at this time. We, therefore, accepted a National UHC Medicare Advantage PPO Plan for 2011. The plan was similar to the PFFS Plan and after some modification and negotiation we settled on a plan with a premium of \$173.09/month. This represented a premium increase of \$0.67/month. To keep the premium low the co-pays were increased (\$5 and \$15 to \$15 and \$25) as was the maximum out-of-pocket (\$2600 to \$2800). To help offset the increases the co-pays were now applied toward the maximum out-of-pocket amount.

Added Benefits. UnitedHealth continued their additional benefits for 2011. These include: Health Discount Program which may be useful to some of our members—possibly more to the MA PPO 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 Newtowne, Curves and as of May 1, 2011, The Ismail Center. Two more will come on-line later in the year. 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 University Senate Compensation and Benefits Committee began to develop information on the relationship between PURA and the Human Resources Services Department. With the aid of our representative to the University Compensation and Benefits Committee and members of Human Resources, a document was developed. It is the intention that 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 have been assured by the current VP for HR that the retirees continue to be incorporated into HR and are important to the University.

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 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 and is available on the retiree website. 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 2010 along with UnitedHealthcare representatives. The 2011 PURcare coverage was discussed and questions answered. Attendance at these sessions was modest. Separate information sessions were held for MA-PD PPO members in October and November 2010 to help them understand the choices they had for 2011.

During the Fall of 2010 the University rolled out a retirement incentive program. Meetings were held throughout the Spring and Summer in anticipation of these changes and the Chair of the Committee helped with those meetings.

Pre-retiree Informational Sessions. Beginning in the Fall of 2005, the Benefits Committee joined the staff of Human Resource Services, 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 one was 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 as requested.

Marketing PURcare. The Benefits Committee has collected a series of “reasons” why PURcare is a valuable option for retirees and a Marketing/Communication Sub-Committee worked throughout 2010-11 developing materials for a variety of players. These materials went out to Deans and Department Heads in the Spring of 2011 and plans are to update the information and send it out each Spring. In addition, a PURcare/MA-PD PPO survey has been developed and should be in the July 2011 PURA Newsletter. The results will help the committee move forward on their marketing/communication efforts.

IU-Purdue HealthCare Talks. Members of the Benefits Committee along with an HR representative explored the possibility of joining with other institutions of higher education in Indiana to procure an affordable healthcare plan with a larger pool. Talks took place with IU but there was no real interest at their institution to pursue such an outcome. The talks were dropped.

Volunteer Benefits. No new volunteer benefits for retirees were rolled out this year. One change occurred with the Delta Dental coverage. There is still a volunteer dental benefit but it changed hands and is now accessed individually by only those retirees that already had the coverage. The plan is not as robust as the previous plan.

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

Retirement Plan Review Task Force. The Chair participated on the Retirement Plan Review Task Force over the past year and a half. The Task Force made 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. The new record keeper is Fidelity and the new investment platform has been implemented for active employees. HR helped to develop a series of Q & A which were sent to retirees. These were to help retirees understand that they did not need to change where their retirement funds were invested unless they chose to do so. Both Fidelity and TIAA-CREF have local offices so that retirees can sit down to discuss any issues in person.

Endowment. UnitedHealth has not met its performance guarantees over the past five 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. The endowment currently has over \$120,000.

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 five years ago. The upcoming August 2011 meeting will be hosted by the University of Wisconsin.

Human Resources Services. The Benefits Committee would like to recognize the major contributions made by the Department of Human Resources Services 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:



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PURA Benefits Committee
May 2011