To: Faculty and Staff

From: Adam Keller, Executive Vice President, Finance and Administration
Traci Nordberg, Chief Human Resources Officer
Barry Scherr, Provost

Re: Retiree Health Insurance Plan Proposal

Date: November 6, 2007

Nationwide, and throughout all sectors of the economy, health care costs continue to rise. Despite this economic pressure, Dartmouth College wants to maintain a retiree health insurance plan for faculty and staff to supplement the Medicare program. The Board of Trustees asked us to revise the current plan while continuing to provide coverage. The College Benefits Council (CBC), with representation from each division and from all job categories—faculty, salaried, and hourly paid employees—spent considerable time researching, developing, and recommending a solution that would allow us to keep this important benefit.

The following summarizes the plan changes proposed by the CBC. Final retiree health benefit changes will not take effect until 2009.

Before we finalize plan changes, you are invited to comment about any options which may have been overlooked or merit further consideration. To submit your comments, please go to the plan comments website at <www.dartmouth.edu/~plancomments/> or return the enclosed Comment Form after reviewing the information included in this mailing.

PROPOSED RETIREE HEALTH PLAN

CURRENT RETIREES

- For current retirees who retired under the Rule of 75 or individuals who will retire under the Rule of 75 before the effective date of the new plan, the College will continue to pay the full cost of insurance premiums.
- The Medicare Supplement insurance plan design will change (deductibles, co-pays, and out-of-pocket limits) to parallel active employee plans.
- The College will establish a hardship pool for current retirees age 65 and older who need financial assistance while adjusting to the plan design change.
- Current retirees under age 65 will either continue in their current premium cost-share arrangement or elect to join the new premium cost-share plan.
CURRENT FACULTY AND STAFF

- For faculty and staff who meet retirement eligibility requirements and retire on or after the effective date of the new plan, the College will subsidize the premium for the retiree health insurance plan based on a combination of age and years of service at the time the new plan is adopted. (See examples, attached.)
- The new subsidy formula will replace the Rule of 75.
- The Medicare Supplement insurance plan available at age 65 will change (deductibles, co-pays, and out-of-pocket limits) to parallel active employee plans.

FUTURE NEW HIRES

- Faculty and staff hired on or after the effective date of the new plan will have access to the plan but will be responsible for the full cost of the premium.
- Faculty and staff hired on or after a specified date may participate in a health care savings plan to which Dartmouth will match up to $3,000.

WHAT WILL HAPPEN NEXT?

In addition to a presentation at the Arts and Sciences Faculty meeting on November 12, two general faculty/staff information sessions will be held to provide a more detailed overview of the proposed plan. These sessions will be held on November 15 from 3:00-4:00p.m. at 105 Dartmouth Hall, and November 19 from 3:30-4:30p.m. at Filene Auditorium.

Comments will be accepted through December, 2007. All submissions will be carefully reviewed and considered before the final benefit changes are determined.

The final benefit changes will be announced in early 2008. Employee information sessions will be held in early 2008 to provide a detailed overview of those changes. At that time the Benefits Office will have additional resources in place to provide retirement projections and personal retirement counseling to those considering retiring in the immediate future.

WHAT YOU CAN DO

- Understand the cost sharing in your current health care plan
- Review your own retirement savings and learn how you can prepare for the future

Please note that the retiree health benefit change does not affect your current health care coverage as an employee, nor does it change the College contributions to your retirement account.