
Retiree Health Plan at
Dartmouth: Medicare Supplement
and Early Retirement

November 2007

History: 2003 - 2007

- 2003: Trustee concern over financial obligation and charge to address liability
 - 2003-2004: Health Insurance Working Group (HIWG) formed to support College Benefits Council (CBC)
 - 2004: Recommendation from HIWG and from CBC to President and General Faculty
 - 2004: Presentation to CPr and CoF
 - 2005-2006: Decision to defer implementation of recommendations
 - 2007: Education and comments period
 - 2008: Review feedback, revise CBC proposal
 - 2009: Proposed implementation
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CBC Deliberations

- Perceived as part of a generalized concern about saving for retirement
 - Based on a set of guiding principles
 - Solution could have multiple elements
 - Plan design
 - Cost-sharing
 - Eligibility
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Recommendation – Guidelines and Objectives

- Control health plan costs
 - Manage long term institutional financial obligation
 - Create a viable and sustainable benefit
 - Protect current retirees from undue financial burden
 - Sustain access to a Medicare supplemental plan for current and future employees
 - Assure that we meet all contractual obligations
 - Help employees plan for their medical care during retirement
 - Avoid placing Dartmouth at a competitive disadvantage with its peers
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Current Plan: Financial Impact

	<u>FY 2004</u>	<u>FY 2007</u>
Cash Payment for Retiree Benefits	\$2,729,000	\$3,372,000
GAAP Expense	\$21,707,000	\$27,616,000
Accumulated Post Retirement Obligation	\$135,526,000	\$223,212,000

CBC Proposal

- Plan Design: Out-of pocket expenses parallel to current employee plan
 - Eligibility: Employees age 55+ and 10 years of continuous service
 - College Contribution: Based on age plus years of service on July 1, 2009
 - Minimum 40% and maximum 85% for existing employees
 - Access only for future employees
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Existing Retirees

- No premium payments
 - Higher deductibles and co-insurance
 - Hardship program in place during transition period
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Future Employees

- Offer incentive to save for retirement
 - Match employee contributions to a “health savings fund”
 - 1:1 match by College
 - Over first 5 years of employment
 - Maximum \$3,000
 - Vested in three years
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Existing Employees - Medicomp

- Cost-share monthly premium

- Example: (2008 premium)

□ Age: 57 (7/1/2009)	=	57%	
□ Service: 19 yrs (7/1/2009)	=	<u>19%</u>	
□ College subsidy	=	76%	
□ Employee cost share	=	24%	
□ Monthly Premium	=		\$402.19
□ Employee monthly cost at retirement	=		\$ 96.53

Existing Employees - Medicomp (cont.)

- Minimum and maximum premium impact at time of retirement (2008 dollars)
 - Age and years of service < 40
 - \$241.31/month
 - Age and years of service > 85 (employed)
 - \$60.33/month
 - Age and years of service > 85 (retired/FRO)
 - \$0
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Existing Employees – Early Retirement (until Medicare eligible)

- Current plan
 - Eligibility: Age 55 and 10 years of continuous service
 - College Contribution: Based on age and years of service
 - 75+, College pays equivalent of Blue Choice premium
 - <75 , employee pays full premium

 - Proposed plan
 - Eligibility: Age 55 and 10 years of continuous service
 - College Contribution: Based on age plus years of service on July 1, 2009
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Summary of CBC Proposal -Medicomp

- Plan Design: Out-of pocket expenses parallel current employee plan
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Next Steps

- Disseminate and educate re CBC proposal
 - Solicit comments
 - Revise CBC recommendations
 - Review with selected groups
 - Disseminate to employees and retirees
 - Conduct group and one-on-one education
 - Implement
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Feedback and Comments

- Reconsider making any changes to the plan
 - Limit changes to new hires
 - Continue full subsidy for employees who qualify for the “Rule of 75”
 - Continue full subsidy for employees with a long history of service
 - Continue full subsidy for employees who are closest to retirement
 - Extend the implementation date into the future
 - Remove the 85% maximum subsidy
 - Consider a “sliding scale” subsidy where an employee with a lower salary will have a larger subsidy - up to 100%
 - Develop an alternative medical care plan with DHMC
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