

## MEMORANDUM

To: Faculty Senate

From: Retiree Health Benefits *Ad Hoc* Committee – Andy Hoffman (Chair), Vida Johnson, Roger Galburt, and Henry Wortis (all present)

Date: revised 11-13-17

Re: Retiree Health Benefits and OneExchange - meeting with Mr. Julien Carter, VP for Human Resources, Tufts University; held Oct 23<sup>rd</sup> 10-1130AM Olin Ctr, Medford campus.

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The ad hoc committee called for a meeting with Julien to gather information concerning (1) an update on current and future faculty and staff retiree health insurance benefits & options, (2) the decision making process and rationale for Tufts University to join OneExchange as source of medical insurance options and enrollment (a decision pre-dating formation of Faculty Senate), and (3) a potential role of Faculty Senate committees to partner with Human Resources in order to provide faculty/staff input on issues ranging from health insurance, retirement investments, and beyond.

Overall this was an excellent meeting; and we are grateful to Julien for taking the time to answer many detailed questions on behalf of the Faculty Senate. It is important to note that this discussion concerned medical insurance programs for retirees, not dental, vision, or pre-retirement health insurance coverage for Tufts Employees. We would like to share with you the highlights of the discussion, and open the floor at the next available Faculty Senate to answer questions about the OneExchange program.

Two documents are germane to this discussion: (1) Julien's PowerPoint document (attached) on current / future retiree health insurance options, and (2) this memorandum which encapsulates the discussion and is meant to supplement the facts and figures provided in the PowerPoint. Below is the list of questions we asked and discussion that followed in brief format:

### **How many people are currently enrolled in a Tufts University affiliated retiree health insurance program?**

- ~63 people who are enrolled in the health plan for retirees who are under 65 years of age, and ~770 retirees who are enrolled in the health plans for post 65 years of age.
- Of the 770 post-65 retirees, 78% have enrolled in OneExchange. Outreach to the remaining 22% is important at this time.

### **What is OneExchange?**

- OneExchange is a vendor that provides a portal for retirees at 65 or older to enroll in Medicare Advantage, Medicare Supplement or other plans (>40). Prior to offering OneExchange, Tufts retirees were offered access to Medicare through 5 different carriers.

#### **Is OneExchange part of Obamacare/ACA exchange program?**

- No. The ACA exchanges and the Medicare are exchanges are different exchanges.

#### **Why did Tufts opt to join OneExchange at this time?**

- Due to increased insurance costs, the University's voluntary employee benefits account was projected to be underfunded by \$12.54 million. Further, this year approximately 75% of retirees saw increases in their insurance premiums between 11 – 19%. While the current program had served the university well for many years. It was time to explore other options due to significant changes in the retiree health insurance industry.
- Approximately 10,000 Baby Boomers turn 65 each day. There is a significant desire on the private, individual insurance market to enroll this population. As a result, prices are very competitive compared to what retirees were paying in our group sponsored plans where our retiree base was split among five different carriers.
- It was computed that 62% of remaining retirees would save money on average health care costs by enrolling in a health plan through OneExchange.

#### **How can Tufts cut its costs by as much as \$12.54M a year and still claim that it is providing retirees with the same quality of health care insurance?**

Previously, Tufts enrolled retirees as a group in one of several health plans.

- Now retirees will join as members of a much larger group through OneExchange. Most, if not all the insurance plans, including the most popular, are available through the exchange.
- For example, average costs of most popular health insurance program (Premium Advantage) within OneExchange is \$217/mo plus \$29/mo for Medicare D (Medicare prescription drug benefit).
- The savings for many individuals by enrollment in OneExchange will be much greater than the expected decreases in the subsidies that Tufts will now provide. The decrease in subsidies includes Tufts employees that retired before Dec 31, 1993 (decrease from 100% coverage to ~\$300/mo; hired before Dec 31 1993, subsidies will decrease from \$150/mo to ~\$70/mo) – see Julien Carter's .ppt for details.
- As has been done in the past, the university will increase subsidies each year based upon increases in Medicare Plan One rates in Massachusetts.

#### **What if OneExchange saves more money than projected shortfall to retiree health program?**

- Actual savings *beyond* \$12.54M will be placed into a General Employee Benefit account that can only be used for other health and welfare plans.

#### **How was the decision made to join OneExchange vs. another exchange?**

- Tufts worked with a broker with expertise in exchanges – they liked the fact that they had licensed benefit counselors, liked the size of the group (~1.5M including MGH, etc.),

demonstrated stability (based on whether there are any lawsuits, their service record, national presence, and their offering of a variety of plans within our region).

- A second window of time opened this year to partner Tufts with OneExchange.
- Shortfall in retiree health benefits budget at Tufts, rising health care costs, and complexity of exchanges were leading drivers toward this decision.
- Faculty were not directly involved in this decision which predated the formation of the Faculty Senate.

#### **Does OneExchange share private medical information?**

- No. OneExchange does not have access to your private medical information unless you input that information into the system. If you do, the benefit counselors at OneExchange will have access to that information.
- For example, if you receive subsidies (i.e. you retired before end of 1993 or were hired before end of 1994) you receive those subsidies through Health Reimbursement Arrangements (HRA) which would carry information on prescriptions you use, etc, pertinent to the choice of health insurance program on OneExchange. The benefit advisors would know that information.
- Private medical information is not shared with outside carriers.

#### **Does OneExchange insurance programs exclude pre-existing conditions from insurance?**

- On OneExchange one can readily find a number of insurance programs that DO NOT exclude pre-existing conditions, but there are plans that do.
- In Massachusetts insurance plans cannot exclude people from enrolling based on pre-existing conditions ('guarantee issue state').

#### **What benefits are provided by OneExchange approach?**

- If retirees find another exchange (other than OneExchange) they will pay comparable rates.
- However, retirees enrolling in OneExchange will get access to benefit counselors (who are part of OneExchange). These are experts in the health care exchange and can help retirees pick the most appropriate plan for their needs.
- There are so many insurance plans and changes that Tufts HR cannot keep up with the marketplace, so OneExchange was considered a better option.
- Examples of factors that drive retirees toward one plan or another: travel, second home, current health status, and current prescription drug use.
- One can opt into OneExchange and continue to get access to benefit counselors in future years if factors change.

#### **How is service from OneExchange rated?**

- According to a survey of Tufts retirees who enrolled into OneExchange: 64% (n=106 respondents) gave OneExchange a rating of 5/5 (excellent) – see Mr Carters' .ppt for details.
- Julien's impression is that OneExchange delivers good service and has been "good to work with".
- It was pointed out that certain details about ratings are not available (e.g., how long a person had been enrolled at the time they rated OneExchange– 2days? 2 years?)).

- Further, a quick survey of complaints on the internet include the following: delays in reimbursement, claim denials, ill equipped customer service, and no 'escalation' policy for complaints. The committee did not investigate these complaints or how they compare to all exchanges or carriers.
- To date, no independent assessment of OneExchange performance on behalf of Tufts faculty has been made.
- Julien had already requested an outside assessment of their service record (e.g. JD Powers), but the decision on this has not been made whether to invest in this assessment.

#### **How does Tufts approach with OneExchange compare to other Universities?**

- Unknown – topic for future

#### **What other options exist aside from joining a health insurance exchange for retirees?**

- Some Universities looked to get out of exchanges
- Some Universities considered collapsing down to one provider

#### **Are there additional sources of information that could be tapped to close this discussion?**

- Hospital Administrators groups with expertise in exchanges
- Independent assessors of service provided (currently under consideration at Tufts).

#### **Future decisions by HR that could enlist input from Faculty Senate representatives:**

- E.g., Vision care plans (the committee also brought up the issue of audiology/hearing benefits)

#### **RECOMMENDATIONS**

1. The decision to join OneExchange appears to be well thought out, and has the best interests of faculty, staff, and University budget in mind.

2. However, the OneExchange program for retirees needs to be carefully explained to retirees, in that many retirees may expect benefits not afforded them, or benefits that do not exist through OneExchange. This would require retirees to seek specific plans including supplemental insurance plans on their own (e.g. to pay for expensive drugs, additional services).

3. An independent assessment of OneExchange performance should be strongly considered.

4. Faculty Senate should encourage dissemination of this information by HR.

5. Going forward, the Faculty Senate should partner with VP Human Resources, currently Julien Carter, in the run-up to making major decisions that will impact all faculty/staff retirees.

6. The mechanisms by which Faculty Senate maintains a regular dialogue with HR should be discussed in the Faculty Affairs committee.

7. Future discussions with HR about eroding benefits (e.g. health care, tuition) should be considered, but out of the current scope of the Ad Hoc committee.

8. It was brought to light that benefits impacts faculty recruitment and retention – some assessment of the impact is warranted to assure that Tufts remains competitive in this regard.