



AMERICAN UNIVERSITY

W A S H I N G T O N , D C

## Frequently Asked Questions

### Transitioning to the Medicare Exchange

**1. Why is AU Transitioning Retiree Health Coverage to a Private Medicare Exchange?**

Over the last few years, the cost of health care has continued to increase faster than the rate of inflation, resulting in higher out-of-pocket costs for medical plan premiums, including the cost of Medicare coverage, co-pays, and deductibles. AU is responding to the concern for these costs. The Private Medicare Exchange offers the same plans and additional choices, some at lower costs.

**2. How did AU come to this decision?**

The university hired experts in retiree medical coverage and explored and evaluated numerous options. HR worked with members of the University Benefits Advisory Project Team, which is comprised of AU faculty, staff, and emeritus faculty. Members of the project team evaluated options, interviewed Private Medicare Exchange vendors, and contributed to the final recommendation. AU selected Mercer Marketplace 365+ Retiree for its Private Exchange.

**3. Who will this impact?**

This change will impact any retired member of the AU community who is Medicare-eligible and is currently enrolled in one of the AU options – CareFirst, Kaiser, or AARP. Medicare-eligible individuals are those who are retired and at least 65 years of age.

**4. What if I or my covered dependent is not yet 65?**

Retired individuals under the age of 65 will remain in the current AU group plans but transition to the Private Medicare Exchange when they turn 65.

**5. How will I benefit from the transition to the Private Medicare Exchange?**

Working with a licensed benefits counselor at Mercer Marketplace 365+ Retiree, you will select a medical, prescription, and dental plan that best fits your individual healthcare needs and budgets. While Kaiser and AARP are options through the Mercer Marketplace 365+ Retiree, there are additional choices which in many cases offer lower cost than AU's group plan. In addition, retirees will receive ongoing support with a licensed benefit counselor at no cost.

**6. Can you give me a sense of the premium saving to which you have referred?**

While each individual's costs will be based on the options they choose and the state in which they live, we can use the Kaiser Medicare Advantage plan to illustrate the potential savings. Currently the cost of this plan for AU retirees is \$254.50 per month. Using zip code 20815 in

Bethesda, Maryland as an example, the Mercer Marketplace 365+ Retiree offers two options for Kaiser Medicare plan – a standard option at \$28 a month, and a high option at \$142 a month. Both costs are for calendar year 2019 and subject to adjustment in 2020.

**7. Will AU continue to pay towards my retiree health coverage?**

AU's contribution towards retiree health coverage is based on the date a person was hired and when they retired. Some retirees receive "access only" to coverage, while others receive a monthly contribution towards their personal coverage costs. Retirees who are eligible for a subsidy from the University will continue to receive a comparable subsidy amount in the Private Medicare Exchange as they do currently. The subsidy will be credited to a Health Reimbursement Arrangement ("HRA") account and can be used to pay for monthly premiums and qualified out-of-pocket medical expenses.

**8. Did the University consider increasing the subsidies available to retirees?**

No. Accounting rules first effective in 1993 (and still in place today) require employers to measure and record enormous costs associated with the provision of retiree medical benefits. As a result of this accounting change back in 1993, many employers (including many higher education institutions) elected to freeze or terminate their retiree medical programs. AU made a difficult decision over 25 years ago to discontinue subsidies for those hired on or after January 1, 1993 and to freeze subsidies for those who were hired prior to that date. The decision is not being reconsidered now. However, after careful consideration, the University is adopting the changes detailed in this announcement. These changes will give retirees access to affordable retiree medical coverage and more choices for how retirees can spend their subsidies.

**9. What happens next?**

In the coming days you will receive a personalized letter and Benefit Enrollment Guide at your home that will confirm your eligibility to transition to the Mercer Marketplace 365+ Retiree program and provide important information in order to participate.

**10. How can I learn more?**

We encourage you to review the information that you receive and attend a seminar, *Transitioning Your Retiree Medical to a Private Medicare Exchange*, presented by Mercer and AU in October 3 and 8 on the AU campus. Please contact AU HR at 202-885-3400 or email [myBenefits@american.edu](mailto:myBenefits@american.edu) to ask any questions about this transition. Contact Mercer Marketplace 365+ Retiree at 1-855-871-0436 to register for a seminar or to arrange a one-on-one counseling session. We look forward to seeing you at the upcoming seminar in October.

**11. What paperwork is necessary for the transition to the Private Exchange? How will I receive it?**

In most cases, no paperwork is needed. To explore plan options and enroll in a new plan, please call a Mercer Marketplace 365+ Retiree at 1-855-871-0436. A benefits counselor will complete your enrollment over the phone. If you are required to sign any forms, these will be sent to you—please review, sign, date, and return to Mercer promptly by mail.

**12. Will CareFirst and Express Scripts be available in the Private Exchange?**

Presently CareFirst is not an option in the Exchange, but Express Scripts is. To limit disruption to you as much as possible, the Benefits Counselor at Mercer will review the names of your physicians and prescription drugs that you routinely take in order to help you select a plan that best matches your provider and medication lists. They will consider budget and other preferences, including the degree to which you travel or live in different locations during the year. To arrange a 1:1 session with a Benefits Counselor, please call 1-855-871-0436. You must enroll in new Medicare Supplemental and Part D Prescription plans by December 7, 2019 to have coverage effective January 1, 2020.

**13. If I am currently enrolled in CareFirst or Kaiser, will I have the option to enroll in AARP/United Healthcare for 2020?**

Yes. If you are currently enrolled in CareFirst or Kaiser, you will be able to enroll in Medicare Supplemental and Part D Prescription plans provided by AARP/United Healthcare through Mercer Marketplace 365+ Retiree for coverage effective January 1, 2020. Be sure to complete your enrollment by December 7, 2019.

**14. I am unable to watch the entire Mercer webinar when using Firefox, what's going on?**

Webinar playback issues are common when using the Firefox web browser. If you experience problems viewing the Mercer webinar using Firefox, Mercer suggests contacting Mozilla to discuss your flash plug-in or you may view the webinar using a different browser, such as Internet Explorer or Google Chrome.