

# **PNNL Retiree Forum**

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## **AGENDA**

- Review Retiree Benefit History – Milan**
- Discuss Current Plan Offerings – Tim**
- Discuss UHC and other Provider Services – Brian**
- General Q&A – Services, Claims, Issues, etc. – All**
- NOTE: RETIREE OPEN ENROLLMENT CHANGED TO NOVEMBER 10<sup>th</sup> – DECEMBER 10<sup>th</sup>. Mailings should arrive at your home (s) prior to Nov. 10<sup>th</sup>.**

### **PNNL Retiree Medical Benefit History**

- ◆ **Pre-1994: Unsubsidized Benefit Plan** (1979 – 1994)
- ◆ **1994 + - Due to growing cost liability** for Retiree Medical Battelle:
  - Began a **5% cap** on subsidy escalation
  - Retirees pay the difference for escalation, above 5%/year
  - Retiree Claims drive cost
  - Separate plan from Active Staff
- ◆ **1999** -PNNL implemented similar plan changes

### **Benefit Council Role**

- ◆ Governing Review Body Recommending Changes to Benefit Plans at Battelle - chartered in 1976
- ◆ Renewal of Purpose and Objectives in 1989 by Bob Smith. SR VP HR & OD
- ◆ Purpose, Mission and Constituency reconfirmed with PNNL in 1993
- ◆ Active Body that Meets Quarterly or as needed

### **Benefits Council Key Objectives**

- ◆ Review plans for adequacy
- ◆ Monitor trends and competitiveness
- ◆ Develop consistency of applications in procedures and practices
- ◆ Analyze and recommend new plans and modifications to existing plans
- ◆ Ensure consolidation and annual reporting of components

- ◆ Develop an evolving benefit philosophy
- ◆ Develop a long-range strategy
- ◆ Recommend benefits eligibility for categories of staff
- ◆ Create and task committees as appropriate

## **Benefits Council 2003 Membership**

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>◆ Roger Ballard</li> <li>◆ Tom Baranouskas</li> <li>◆ Lynn Davison</li> <li>◆ John Ennis</li> <li>◆ Bob Lincoln</li> <li>◆ Paula Linnen</li> </ul> | <ul style="list-style-type: none"> <li>Retired Assistant Treasurer</li> <li>PNNL CFO</li> <li>Director, Information Management</li> <li>Director, Benefits Administration</li> <li>Director, BCO Human Resources</li> <li>Director, PNNL Human Resources</li> </ul> |
| <ul style="list-style-type: none"> <li>◆ Lesa Litteral</li> </ul>   | <ul style="list-style-type: none"> <li>Manager Benefits Finance,<br/>ERISA Plan Counsel</li> </ul>  |
| <ul style="list-style-type: none"> <li>◆ Steve Valentine</li> </ul>   | <ul style="list-style-type: none"> <li>Vice President – Corporate<br/>Controller and Assistant<br/>Treasurer</li> </ul>   |

## **Retiree Plan Changes Made for 2003**

- ◆ UnitedHealthcare (UHC) selected to replace Benesight as national health and dental plans' administrator
- ◆ Retail or Mail Order prescription drug benefits
- ◆ New retail out-of-pocket maximum limit (\$1000)
- ◆ Paper Claim Forms eliminated

### **Continued.....Summary of Changes for 2003**

- ◆ Coordination of Benefits (COB) method - changed from a supplement-type method to a non-duplication method (the method used by most organizations who continue to offer retiree medical benefits)
- ◆ UHC website available for direct account access/info
- ◆ Improved dental benefits
- ◆ Oral surgical procedures moved from the medical plan to the dental plan

### **Dental Benefit Changes**

- ◆ The annual maximum benefit limit increased from \$1,000 to \$1,500
- ◆ The dental coinsurance amount increases (see table)
- ◆ The dental plan now covers certain oral surgical procedures previously covered by the medical plan
- ◆ Because of the cost of the plan improvement, the deductible has increased from \$25 to the national average of \$50 per person.

## **Prescription Drugs**

- ◆ **Advance PCS** - prescription drug carrier remained the same
- ◆ **Choice** - retail program for short-term medications (30-day supply); or mail order program for maintenance medications (up to a 90-day supply)
- ◆ Out of Pocket Maximum – capped at \$1,000 for **retail** prescription drugs to protect catastrophic cases (e.g. once you have paid \$1,000 in a calendar year toward retail prescription drugs, the plan will pay 100% of your retail prescription costs for the balance of that year)

## **Prescription Drugs**

## Retiree Group Medical Costs (cont.)

Percent of Increase since 1999:

### Hewitt 2002 Benefit Index for PNNL 15 Comparators

- ◆ 11 of 15 offer age 65 medical coverage
- ◆ 7 of 11 non-duplication COB method
- ◆ 4 of 11 supplemental COB method
- ◆ **Total Value: Very high**

### 2004 Retiree Plan Offerings United Health Care

#### Under 65 Plan

- ◆ Premier
- ◆ Basic

#### 65 and Over

- ◆ Medicare Complement

No Plan Changes for 2004

### Under 65

### “Premier”

#### ◆ Summary 2004 Plan:

- Deductible = \$0.00
- Out of Pocket Maximum = \$1,000 pp
- Policy Maximum = \$1,000,000
- Routine Checkups & Office Visits = \$15 Copay
- Specialty Services (Chiro, Allergy) = 90%
- Hospital (In Patient) = \$100 Copay  
then 90%
- Hospital (Out Patient) = 90%
- Out of Network Coverage = 70%
- Out of Network Deductible = \$250 pp

### Under 65

### “Basic”

#### ◆ Summary 2004 Plan:

- Deductible = \$300
- Out of Pocket Maximum = \$3,000 pp

- Policy Maximum = \$1,000,000
- Routine Checkups & Office Visits = \$25 Copay
- Specialty Services (Chiro, Allergy) = 80%
- Hospital (In Patient) = \$100 Copay  
then 80%
- Hospital (Out Patient) = 80%
- Out of Network Coverage = 60%
- Out of Network Deductible = \$600 pp

## **65 & Over**

### **Medicare Complement**

- ◆ Not a Supplemental Insurance
- ◆ Designed to provide areas of coverage not available through Medicare.
- ◆ Prescription Medication (3 tier)
- ◆ Stop Loss Limit (\$2200 Out of Pocket Maximum)

## **65 & Over**

### **Medicare Complement**

- ◆ When Medicare is Primary
- ◆ Medicare will pay based on R&C allowable limits.
- ◆ UHC will not double cover the same claim prior to reaching your Out of Pocket Maximum.
- ◆ If UHC provides coverage for a service that Medicare does not, UHC will act as the Primary (Deductible then 80/20)
- ◆ Out of Pocket payments (up to Medicare R&C limits) will be applied to UHC Out of Pocket Max.

### **Coordination of Benefits**

#### **Medicare Complement**

**Medical Services: Out of Pocket “Not Satisfied”**

|  |                       |
|--|-----------------------|
| <b>Provider Invoice</b>                                | <b>\$500.00</b>       |
| <b>Provider Must W/O</b>                               | <b>\$100.00</b>       |
| <b>Medicare Limit</b>                                  | <b>\$400.00</b>       |
| <b>Medicare Pays</b>                                   | <b>\$320.00</b>       |
| <b>Your Portion</b>                                    | <b><u>\$80.00</u></b> |
| <b><u>Credit towards your out of pocket = \$80</u></b> |                       |

### **Coordination of Benefits**

#### **Medicare Complement**

**Medical Services: Out of Pocket “Satisfied”**

|                          |                      |
|--------------------------|----------------------|
| <b>Provider Invoice</b>  | <b>\$500.00</b>      |
| <b>Provider Must W/O</b> | <b>\$100.00</b>      |
| <b>Medicare Limit</b>    | <b>\$400.00</b>      |
| <b>Medicare Pays</b>     | <b>\$320.00</b>      |
| <b>UHC Pays</b>          | <b>\$80.00</b>       |
| <b>Your Portion</b>      | <b><u>\$0.00</u></b> |