



University of Missouri System

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Retiree Medical Study

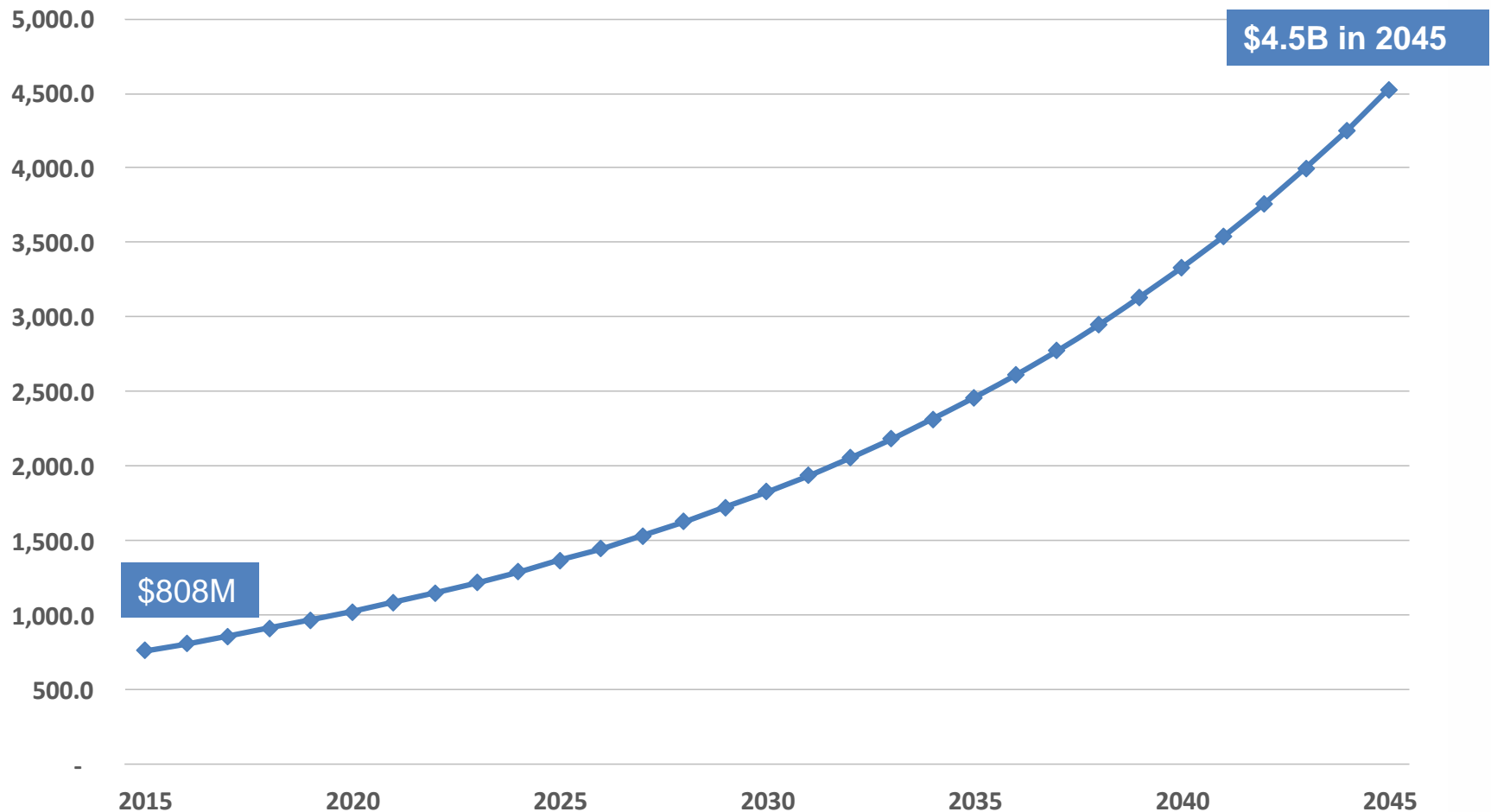
Leadership Update

November 2015

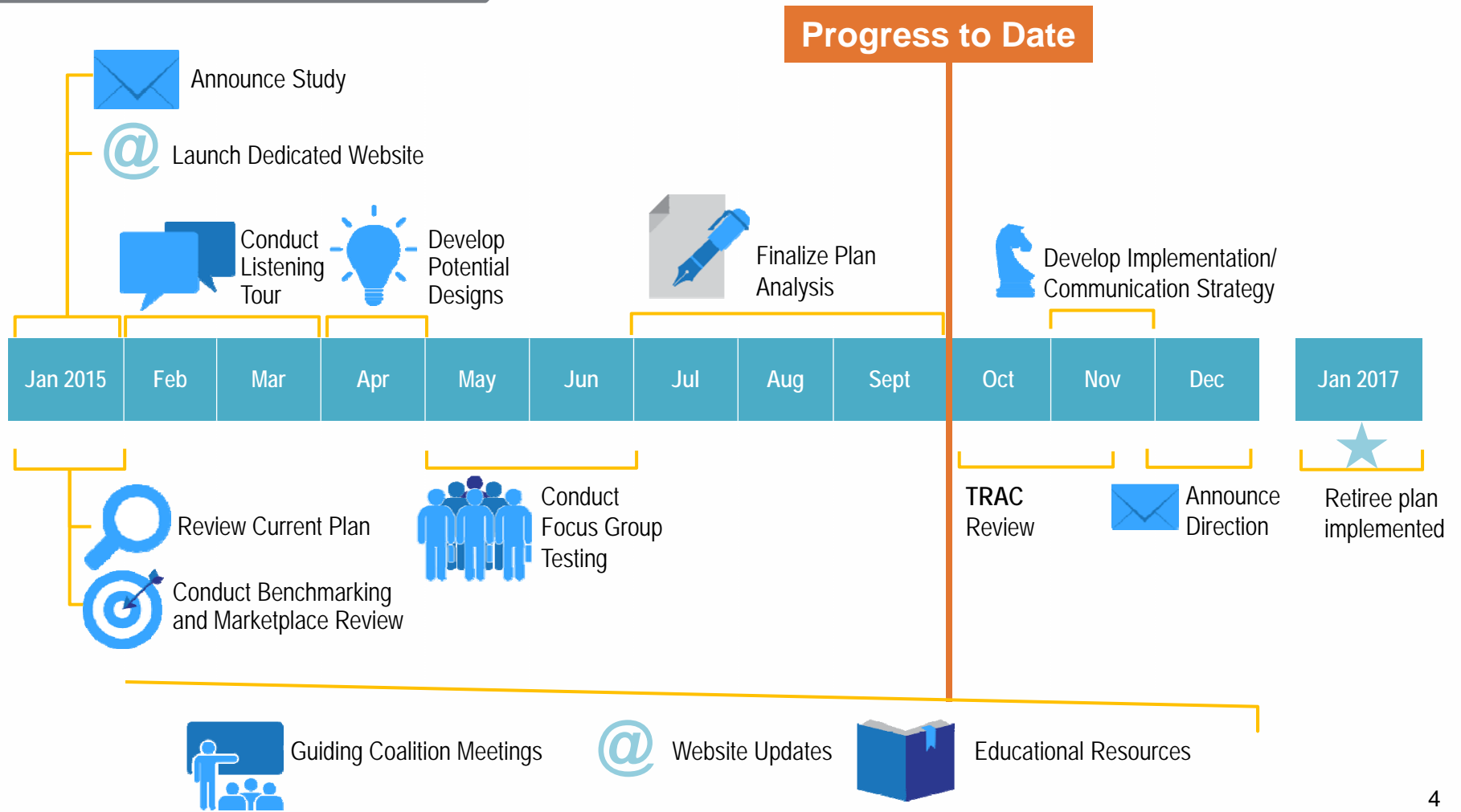
Retiree Medical Study Objectives

- **Ensure retirees and university are getting the most for their dollar**
 - Affordable, accessible retiree medical plans are now available in the market
 - Taking advantage of options such as Medicare subsidies could lower costs
- **Ensure university can continue insurance benefits (medical, dental, life) for current retirees**
 - By 2019 the liability for current and future retiree medical benefits will be over \$1 billion, increasing to \$4.5 billion in 30 years
 - Recent finalized Governmental Accounting Standards Board (GASB) ruling means the university will need to begin to fund the liability
 - This is additional money that will increase the benefit rate

Our challenge: Current liability projection



Project timeline



Current Retiree Insurance Program

Eligibility for insurance benefits

- Age 55 and at least 10 years of service, or age 60 with at least 5 years of service
- Generally, spouses are eligible for lifetime coverage
- Same eligibility applies to retiree dental and life
- Must have UM benefits prior to retirement



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Current retiree medical plans

➤ **Pre Medicare retirees**

- PPO Plan
- Healthy Savings Plan

➤ **Post-Medicare retirees**

- myRetiree Health Plan
- Healthy Savings Plan

- **Subsidy** – UM subsidy varies based on age and years of service at retirement but averages 50%

Changes outside the university

- Only 6 million of 45 million Medicare retirees have coverage through an employer plan
- Market plans for Medicare-eligible are robust and offer universal access
- Significant federal subsidies are available to complement or replace Medicare
- Enhanced Medicare pharmacy benefit by 2020 (provided through Affordable Care Act)
- Pre-65 options are developing

The “levers” for Retiree Medical Program

- Eligibility and/or vesting (*who gets benefits?*)
 - Who receives the benefit (and for how long)?
 - How much of a benefit do they receive?
 - Are spouses covered; what about widow(er)s?
- Plan design (*what do they get?*)
- Cost sharing for medical expenses
 - Coinsurance, copays, deductible
- Employer funding (*how much does UM pay?*)

Current retiree recommendations

- Preserve plans (medical, dental, life)
- Continue current UM subsidy of premiums
- Take advantage of market options to increase value / lower cost

Status of future retiree medical benefits for active employees

- Plan will likely close to new hires
- Multiple options developed
 - Being reviewed by the Total Rewards Advisory Committee (TRAC), who will make recommendation(s) to VP of HR
 - Targeting December 2015 or February 2016 recommendations to Board of Curators
 - Ample time and support resources will be provided to faculty and staff to consider any changes