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Dannel P. Malloy
Chancellor

October 9, 2020

To our dedicated UMS Retirees and their covered dependents:

I am writing to you today about the University of Maine System's decision to change the way we provide supplemental health insurance coverage to our retirees and their dependents. On behalf of the entire System and the Board to whom I report, I'm sorry for and regret how we have communicated about this change to you before now.

The University of Maine

We did not reach out to you early enough. We have not been clear enough about what we are asking of you, why we are asking it, how it will benefit you, and how it will benefit the System. Our initial plan for working through this change with you may not have included enough resources to provide you with the tailored personal assistance you might need or expect to complete the change.

University of Maine
at Augusta

University of Maine
at Farmington

I believe we've now taken important steps to address those deficiencies.

University of Maine
at Fort Kent

University of Maine
at Machias

Many of you have communicated your concerns directly to members of the University of Maine System Board of Trustees. We greatly appreciate your taking the time to raise these concerns, which have reinforced the need for UMS to improve communications about this change and explain the rationale for moving forward with it. With my letter here we're providing you a detailed set of "Frequently Asked Questions," or "FAQs," to share additional information that we hope will fill in the gaps in our communications that you have expressed concern about to date.

University of Maine
at Presque Isle

University of
Southern Maine

University of Maine
School of Law

As our Board will share with those who communicate directly with them, I want you to know that our Board and System leadership support the decision to implement this change. As fiduciaries for UMS, we have been alarmed by both the continued escalation in the cost, and diminution in the scope, of your supplemental retiree coverage. We could not allow this to continue. Because of the relatively small size of our pool of retirees and dependents, we lack the bargaining clout to get better coverage at lower cost from our current carrier, so we reached the conclusion that there was no other fiscally responsible way to make necessary changes, both for your and the System as a whole. This change is designed and expected to significantly expand the benefits and choices available to you, at equal or even lower cost. And, in future years, we will make increases to our contribution indexed to reflect healthcare cost increases.

We fully understand the challenge of having to change coverage in the opaque and sometimes chaotic world of the private health insurance market. Thank you for your patience and understanding, and for demanding of us a level of commitment surpassed only by that you already provided in your career's work with our System's public universities. You deserve to feel confidence that your healthcare needs will be taken care

of. Both I and the Board of Trustees are fully committed to our retirees and will simply not allow this transition to result in any retiree losing supplemental coverage.

The UMS Benefits team is available to assist you and can be reached at benefits@maine.edu or by phone at (866) 269-9635 (toll free) or (207) 973-3373.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. P. Malloy". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Dannel P. Malloy, Chancellor
University of Maine System

Frequently Asked Questions on the Transition to the Aon Retiree Health Exchange

Being mindful of the questions received so far, we have prepared this list of “FAQs,” or “Frequently Asked Questions,” along with what we hope are simple answers and additional information as we enter the individual appointment phase of the process with Aon Retiree Health Exchange.

Q1: Am I going to lose the supplemental retiree health insurance UMS has always provided?

No. The University of Maine System (UMS) support for supplemental coverage to help pay your health care costs not otherwise covered by Medicare Parts A & B will continue provided you enroll in supplemental medical and drug coverage through Aon Retiree Health Exchange. Instead of the group coverage through Aetna that has been in place since 2014, in 2021 the UMS will now invest \$2,100 for the year for each retiree and \$800 for each eligible spouse into a non-taxable Health Reimbursement Account (HRA). Monies in your HRA can be used to reimburse the premiums for the supplemental plan(s) you select from the more than 100 insurers on the Aon-administered exchange as well as other eligible healthcare expenses you may incur.

We value our retirees and their service to our students, System and state and will not allow this transition to result in any of them losing their supplemental health coverage. There are many plans from which to choose to ensure that you maintain supplemental coverage. To help ensure that the HRA is sufficient, UMS will review the funding amount to ensure that it is appropriate moving forward.

Q2: Why is UMS making this change? *The System’s current group plan covers fewer than 2,900 beneficiaries. That’s a small risk pool that’s become increasingly costly to insure and just a few large individual claims can cause the group price to escalate even more quickly at your expense. With sensitivity to the fact that many of our retirees and their families are on fixed incomes, the UMS has worked with Aetna to make changes to the plan each year that have allowed us to maintain the plan and control your costs but that’s meant a reduction of your benefits and an increase in your out-of-pocket costs.*

For example, following a projected rate increase of nearly 10 percent for 2020, the plan was modified to limit the increase to 5 percent, but doing so required an increase in co-pays for office and specialist visits and the addition of a \$200 co-pay for inpatient stays. We felt our retirees deserved more than this continued erosion in their benefits. By moving to the Aon exchange beginning January 1, 2021, you and the other UMS retirees will join nearly 600,000 other individuals enrolled in plans through Aon.

A growing number of other employers in Maine and across the country, including other public university systems and institutions, have made a similar transition and there are now more than 53 million Americans over the age of 65 who are receiving the coverage to supplement their Medicare through individual marketplaces like the Aon exchange. By enrolling in coverage in the open market, you enjoy the benefits of being included in this large risk pool thus reducing costs and allowing for a much wider range of coverage options that better meet your needs and your budget – including dental, vision and hearing aid benefits. In fact, the federal Centers for Medicare & Medicaid Services announced just last week that enrollment in the individual

market had grown so much that Medicare Advantage plan premiums for 2021 will be the lowest they have been in 14 years and there will be more choice than ever before.

Q3: How did the UMS determine how much it would contribute to my Health Reimbursement Account (HRA) and will that investment continue in future years? *For 2021, the UMS will contribute \$2,100 into the HRA for each retiree and \$800 for each covered spouse based on extensive modeling showing that amount would give retirees/spouses comparable or better supplemental coverage than they currently have through the UMS group plan. The contribution amount will be indexed in future years so that our retirees and their covered spouses have access to comparable or better coverage.*

Q4: Who is Aon and how did the UMS select them? *While expanding choice and coverage will undoubtedly benefit our retirees and spouses, we understand that having so many options can be overwhelming. Aon Retiree Health Exchange is a private exchange that offers plans from more than 100 carriers nationwide. Following a “request for proposals” process, the UMS selected Aon because the Exchange they administered provided the greatest number of choices and because we felt they would be the best partner to assist our retirees make this transition. In addition to mailed materials and online tools to compare plans, Aon has hosted informational webinars attended by nearly half of our retirees/spouses and has already scheduled individual phone appointments with nearly every beneficiary to help them review their options and choose the best coverage for their needs.*

Please know that Aon benefits advisors are not paid a commission based on the plan you choose. Once you have enrolled in a new plan, you will communicate directly with your insurer for questions about your plan. If you relocate or are interested in discussing changes to your coverage, please contact your Aon benefits advisor directly and as always, the UMS Benefits Center is available to assist you and can be reached via email at benefits@maine.edu or by phone at (866) 269-9635 (toll-free) or (207) 973-3373.

Q5: I have nothing to compare the \$2,100 to in terms of whether it will provide for the same or better coverage than the Aetna group plan. Can you demonstrate that I can do as well or better under this new approach? *As previously noted, the UMS contribution to your HRA was based on modeling that showed \$2,100 for retirees and \$800 for eligible spouses would allow the purchase of comparable or better coverage through the exchange. While benefits options and their costs are dependent on the insured individual’s circumstances, a typical Medicare Advantage plan available to many of our retirees/spouses on the exchange would have zero premium and zero deductible and the maximum annual out-of-pocket costs after \$2,100 from the UMS-funded HRA was applied would be \$850 less than the current out-of-pocket maximum. That same plan would also have similar co-pay amounts for primary care and specialist visits as the current Aetna plan but also include dental services and hearing aids, benefits not provided through the current group plan.*

Meanwhile, a typical Medicare Supplement (Medigap) plan available on the exchange to our retirees would have an annual cost of less than \$360 after \$2,100 from the HRA was applied but require no other out-of-pocket health costs or co-pays. Aon’s Retiree Health Exchange benefits advisors are licensed insurance agents who are familiar with your current Aetna supplemental group health plan and can help you understand and compare Medicare benefits, supplemental coverage options and costs.

Q6. Can I stay with Aetna if I want to? *Supplemental coverage is available through Aon Retiree Health Exchange from more than 100 insurers, including Aetna, Anthem Blue Cross Blue Shield, which insures State of Maine employees, and United Healthcare, which insures two-thirds of Mainers in the Medicare marketplace. Your coverage is your choice. Based on your age, location, health, preferred providers, prescriptions and other factors, you may find a comparable Aetna plan best meets your needs or you may select coverage through another insurer. Please know that Aon benefits advisors are knowledgeable about your current Aetna plan and can help you find a plan that provides similar coverage, likely for less cost.*

Q7: If I understand correctly, I will need to start paying for out-of-pocket or co-pays up front and be reimbursed? Is that true? My cash flow is tight, and I don't know if I can cover the healthcare costs I will be encountering especially if the reimbursement process takes too long? *On January 1, 2021 the UMS will deposit \$2,100 into your Health Reimbursement Account (HRA) if you are a retiree who has enrolled in a medical and drug plan through Aon Retiree Health Exchange and \$800 if you are an eligible spouse. Federal tax law prevents those funds from being transferred to your account sooner. A retiree and eligible spouse may have a joint account, which would receive a \$2,900 total contribution from the UMS in 2021. Retirees and covered spouses will pay premiums (if not participating in a zero-premium plan) and expenses out-of-pocket, submit their claims online or by mail using the required forms, and then be reimbursed in a timely manner either through direct deposit or check-by-mail.*

Reimbursement typically takes up to 10 business days from the time the completed claim paperwork is received. Most insurance carriers on the exchange also participate in auto-reimbursement, which provides automatic monthly reimbursement for premium costs without the retiree/spouse needing to submit a claim. At the end of the year, any balance remaining in the account will roll-over and be available in the next calendar year. More details about using your HRA, including eligible expenses, will be forthcoming from the account administrator and include informational webinars in December.

Please note the UMS will provide a Catastrophic Rx HRA if you hit the catastrophic threshold as defined by the Centers for Medicare and Medicaid Services (CMS). This coverage assists eligible retirees once they and their carrier have spent a combined total of \$6,550 for prescription drugs in 2021 (amount subject to change annually). Once you've reached this catastrophic level of coverage, you will pay a coinsurance or copayment for covered drugs for the rest of the year. This is an annual benefit and you must qualify each plan year beginning January 1. Talk with a benefits advisor to learn more or refer to details in your Welcome Kit. You will be reimbursed for that coinsurance/copayment from your Catastrophic HRA once you submit the required paperwork to the HRA Administrator.

Q8: What impact will my age or a pre-existing condition have in my being able to secure coverage under this new plan? *During this transition period, UMS retirees and their covered spouses are eligible for a Special Enrollment Period (SEP). This means that you are automatically accepted by most insurance carriers and plans without having to answer medical questions and regardless of any preexisting health conditions. Additionally, if you live in Maine, Medicare Supplement plans which are available on the Aon exchange are community-rated, meaning that the premiums are the same, for the same plan, for anyone who is Medicare-eligible.*

Q9: If I do not choose to enroll at this time, will I be able to pick up the retiree supplemental healthcare plan at a future date? *To guarantee there is no gap in your supplemental health coverage, you must enroll in a plan by December 31, 2020. However, the Special Enrollment Period as described previously will not close until February 28, 2021, and you could have a gap in coverage with only Medicare Parts A and B for those months. If you do not enroll in a supplemental plan through the Aon exchange by then, you will not be able to participate in future years nor will you receive a UMS HRA contribution in 2021 or future years.*

Q10: What can I expect for the steps in enrolling? How does it work exactly and how long will it take? How will I know I've successfully completed the process? *By now, you should have received an appointment letter letting you know when you have been scheduled to talk on the phone with an Aon benefits advisor to discuss your options. It is important you follow the steps outlined in the letter to confirm that appointment, as more than 1,000 UMS retirees have already done. That letter also contained instructions on how to access Aon's secure online tool so that you can begin to input your information including preferred doctors and medications and begin to review the plan choices that best meet your needs. If you are unable to access the online tools from Aon, the benefits advisor can help you explore your options during your appointment.*

If you have not received an appointment letter, please call Aon at 1-833-704-1028 and request that a duplicate be mailed. As always, the UMS Benefits Center is also available to assist you and can be reached via email at benefits@maine.edu or by phone at (866) 269-9635 (toll-free) or (207) 973-3373.

I hope that this information has been helpful and encourage you to reach out to Aon or the UMS Benefits Center if you have further questions. We value both your contributions to our universities and your health and wellness. Please know we are committed to working with you throughout this transition to ensure you have what you need to make an informed decision by the enrollment deadline and that you continue to have the high-quality supplemental health coverage you deserve. I am hopeful that once you meet with the Aon advisor and see the expanded options available, you will see the benefits of this change and the greater choice and affordability it will provide you and your fellow UMS retirees.

Thank you for your service.

Sincerely,



Carol Corcoran
Chief Human Resources Officer
University of Maine System