

Questions & Answers ICC Retiree Health Coverage

MAY 24, 2006 MEETING

If 80 percent of the 160 estimated retirees on the current ICC insurance plan are Medicare eligible, why is there such a financial burden? With the primary coverage being Medicare, it doesn't seem like claims for 80 percent would be significant.

There is still significant cost to the college, and the prescription drug cost for Medicare-eligible retirees is significant. Drug costs are the fastest growing component of the healthcare plan and represent about 37 percent of total costs.

Of the different plan options offered under the state insurance plan, which is the most like ICC's?

The CCHP (or indemnity plan) is the plan that is most similar to the ICC plan.

Why is there such a difference in the lifetime maximums?

Every insurance plan is different, and even the different options the state plan offers have differences. While the lifetime maximum limits may be less with the state plan compared to the ICC plan, there are other areas the state plan offers that exceed the current coverage benefits offered by the ICC plan. Everyone must really take a look at all of the options and consider their own personal situation to find which one might be the best fit.

Many of the retirees chose to retire under a particular contract or agreement which indicates on-going access to health insurance. If that's the case, why are we even having this discussion?

The context has changed. The state health plan did not exist when many of our retirees retired. The college's commitment was to provide retirees with access to health insurance and that has not changed. Full consideration of contractual commitments at the time of retirement are indeed being reviewed and considered.

What about retirees who may live out of state? Is there comparable coverage that will allow us to find healthcare outside of Illinois?

Yes. Retirees who reside in other states will likely find the CCHP (or indemnity plan) fits their needs best.

Some earlier correspondence indicated that "premiums are significantly higher" for spousal coverage under the state plan. What is significantly higher?

Specific premiums vary based on the age of your spouse and the plan you may choose. The premium comparison chart gives specific rates for the various options available. The college is committed to ensure a change will not create a financial hardship for retirees.

For retirees who are under 65 who have a spouse and dependent child, the combined premium cost is significantly higher. Some have implied that a buy-out for these groups may be provided. Is that true? Is that your intent?

The college does not want to create a financial hardship for retirees and has committed to providing comparable coverage at comparable cost. At this point, we are gathering information and feedback so we do not know exactly what may be available during the insurance transition.

What is the viability of the state plan?

We cannot guarantee the future viability of any plan. We know the plan has presented itself as viable and stable when you look at its premium history which has only seen modest increases. As the plan grows with more participants from all community colleges throughout the state, the stability should only strengthen. Furthermore, the ICC Board of Trustees has committed to providing insurance coverage to retirees in the unlikely event that the state plan would end.

If the Board of Trustees is committed to providing a safety net in the event of the state insurance plan going defunct, why can't you do it now and just continue to provide us the same coverage you always have?

It is unlikely that the state plan will cease to exist. In the chance that it does, the Board is willing to make sure that the college provides retirees with access to coverage. Because of the current financial stress of the plan as it currently exists coupled with new accounting mandates, the college cannot continue to provide coverage as it currently exists.

Does the Six Sigma team to which you've referred include a retiree representative?

Early in the formation of the team the importance of stakeholder interest was discussed and addressed. The logical person to represent retiree interest seemed to be the then current president of the ICC Retirees Association. Information from team meetings (as early as February) was provided to this representative. The team scheduled a meeting in March to meet with the ICCRA executive committee. Members from the executive committee asked that the team share information at the April meeting of the retirees association. Following those meetings, correspondence and an invitation was sent to all retirees inviting them to the group meeting in May. The purpose of this meeting was to gather information, allow individuals to survey options available to them with respect to their own personal circumstances, and offer retirees a chance to sign up for individual appointments to share their personal concerns or needs.

Is there a timeline for this transition?

No timeline has been established. While May is the enrollment period for the state plan and January 1 is generally the time when ICC introduces any changes in its plan, we are still in the information-gathering phase and have no specific proposal or timeline at this time.

Does the college pay a state plan premium for current retirees?

No. The state plan is currently supplemented by the college in two ways – 1) The college pays .5 percent of its current payroll to support the state plan. 2) Current ICC employees pay .5 percent of their salary to support the state plan.

After these individual meetings, will we be able to talk to our friends or is this a private issue that is a done deal?

Because each individual situation may be different, we think the individual meetings will be most beneficial for you as retirees. However, we do not plan to enter individual negotiations and strike individual deals with every single retiree. Any “deals” will likely pertain to retirees as they may be categorized into groups. For

example, one group may be those who are over 65 and eligible for Medicare, and another group may be those who are under 65 and have a spouse on the plan as well. These are just two examples. Once we gather information from the retirees during individual meetings, we will have a much better idea as to the varying circumstances and issues we must address.

I am a surviving spouse, and I don't even have a copy of a contract or agreement. How do I know what group I fall into?

Since there are a limited number of people in this category, we will meet with surviving spouses individually but will treat them all consistently.

Have you considered separating drug coverage from medical coverage?

The team is open to any strategies or options that may offer a cost savings while continuing to provide comparable coverage at a comparable cost for our retirees. As previously mentioned, the costs of prescription drugs is a significant cost to the plan and represents 37% of total costs.

Can anyone explain the difference in the five state plans?

The most detailed information we have are in the plan booklets for the College Insurance Program. As we continue to gather information and find out the concerns and needs of the retirees, we can certainly make available representatives from the state plan who could discuss the specifics of the different plans.

Are there any exclusions for pre-existing conditions in the state insurance plan?

Retirees who transition to the state insurance plan will be eligible for coverage, regardless of any pre-existing conditions.

Does the state plan provide coverage for dental, vision, or hearing aids?

The state plan does include provisions for dental and vision coverage without additional premium cost. However, no coverage for hearing aids exists under the state plan.
