



**Wespath**

BENEFITS | INVESTMENTS

AUMCPBO—NOVEMBER 2018

# Retiree Medical Benefits

# *Book of Discipline* Requirements

## **Retiree Medical**

- Conference Board of Pensions must provide access to Medicare supplement and prescription drug coverage plans
- Annual conferences are not required to sponsor retiree medical benefits plan

## **Retiree Medical Valuations**

- Conferences must submit generally accepted financial valuations of its projected medical liabilities to Wespath biennially

# General Conference Requirements

Wespath is to provide a quadrennial report to General Conference concerning the long term pension and retiree medical liabilities of the denomination

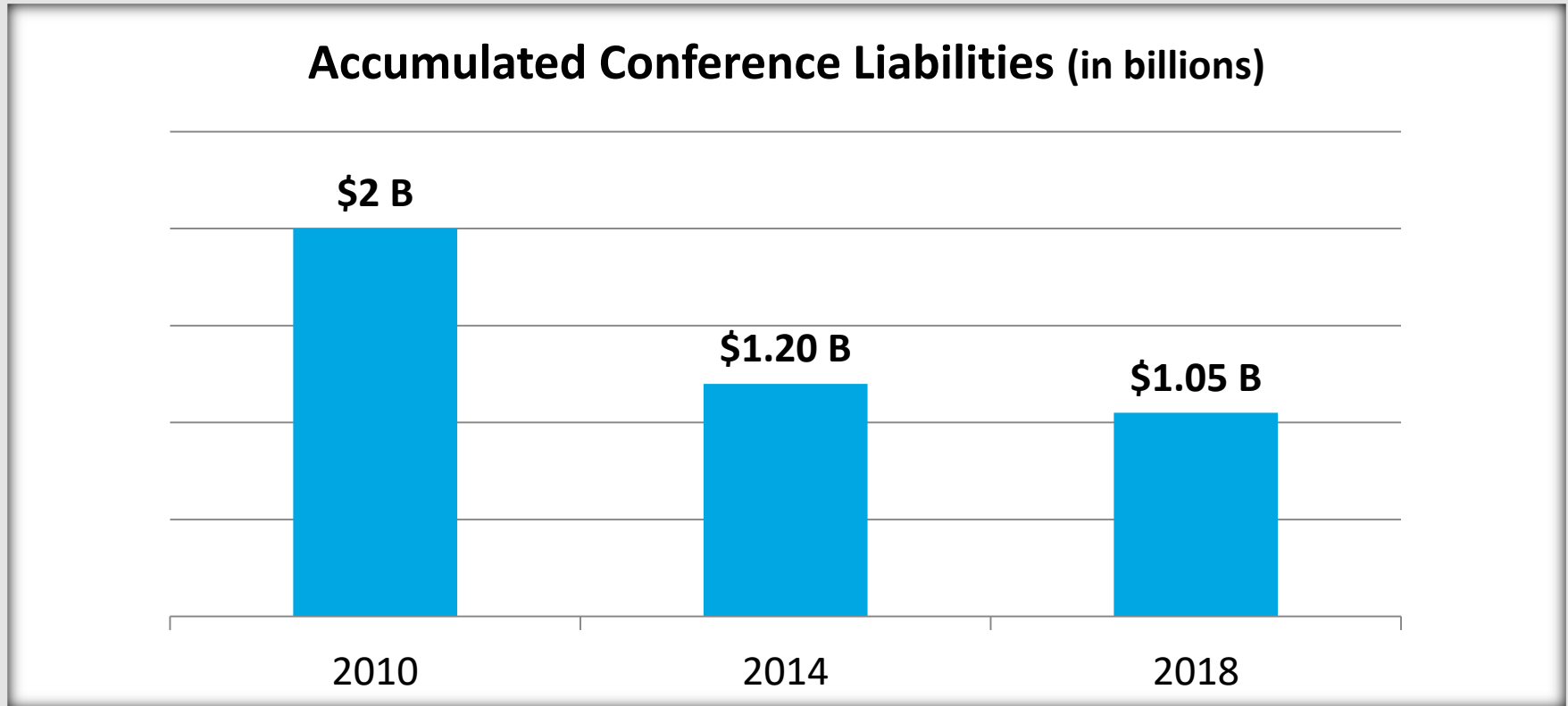


# Retiree Medical Financial Trends

- Health expenses in retirement expected to increase on average 4.22% per year for the foreseeable future
- Health expenses through retirement for a healthy 65-year-old couple retiring this year are projected to be \$363,946 in today's dollars

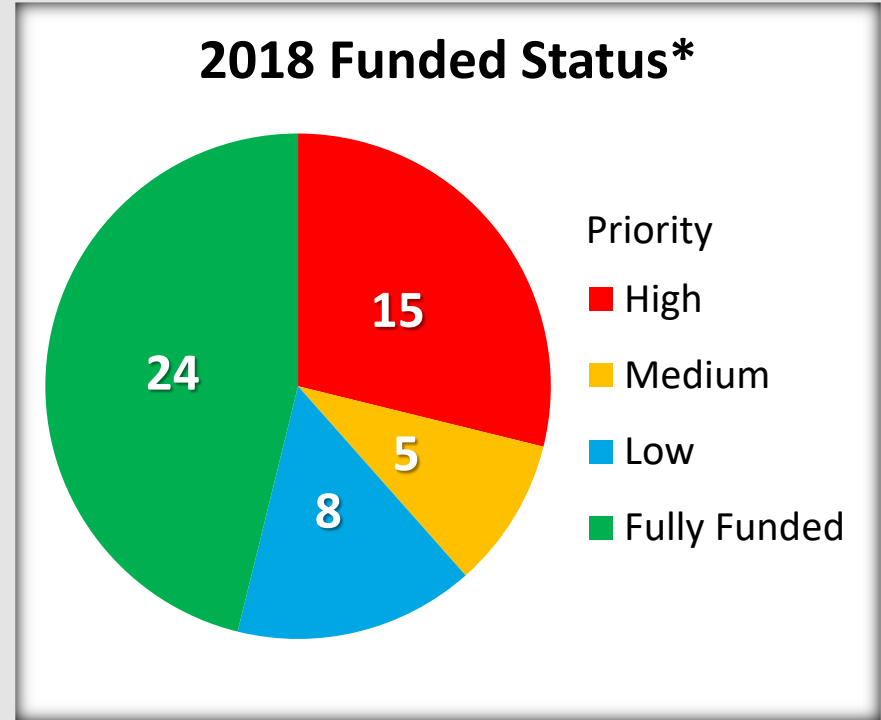


# Accumulated Conference Liabilities



# Retiree Medical 2018 CBFP Profile

- **High Priority** <50%
  - 15 Plan Sponsors
- **Medium Priority** ≥50% - <80%
  - 5 Plan Sponsors
- **Low Priority** ≥80% - <100%
  - 8 Plan Sponsors
- **Fully Funded** ≥ 100%
  - 24 Plan Sponsors



\*Based on Comprehensive Benefit Funding Plan and self-reporting of available funds

# Next Steps for Retiree Medical

- Enhance the CBFP to adequately account for retiree medical assets and funding
- Complete the *General Conference Report* utilizing 2019 CBFP\* data
- Expand the *2019 Bishop Summary Report* to include retiree medical information

**\*CBFP: Comprehensive Benefit Funding Plan**



# Next Steps for High Priority Conferences

- Further review of plan offerings and funding levels
- Reach out to CBO's with offer to engage Wespath resources and communications
- Share Via Benefits analysis of HRA funding levels

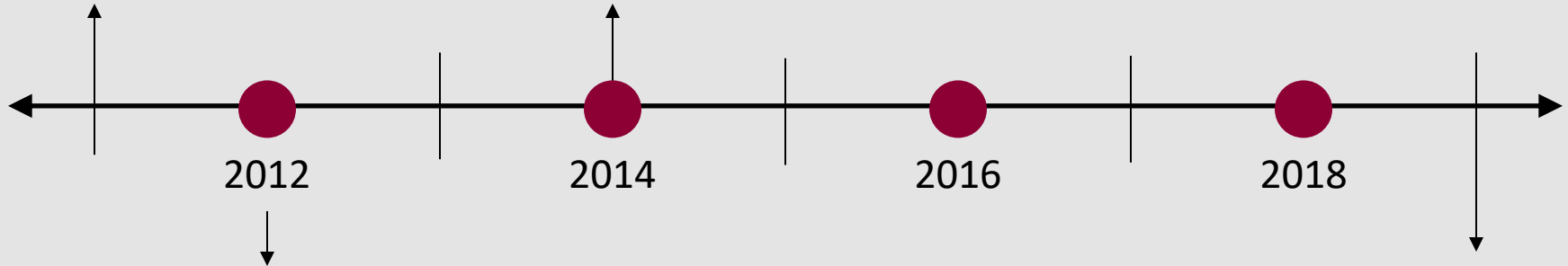




# Wespath's Approach to Retiree Medical

**Prior to 2012:**  
Offered Medicare  
Companion Plans

**2014:** Last year of  
Medicare Companion  
offering

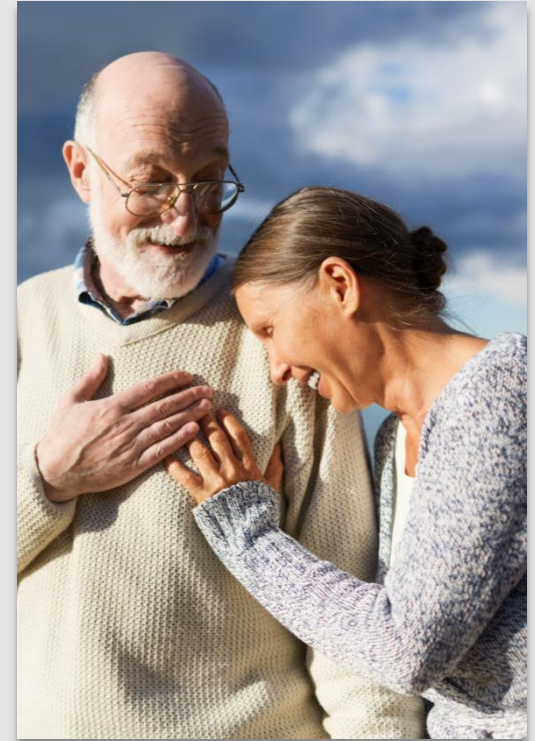


**2012:** Introduced  
Medicare Marketplace  
offering

**As of 2019:** Partnering with  
23 annual conferences to  
sponsor Via Benefits

# Strategy Aligned with Needs

- Reduce plan sponsor retiree health benefits cost
  - Reduce long-term retiree medical liability
  - Enable *access* without funding, if needed
  - Reduce administrative resources
- Meet individual participant needs
  - Plan choice unique to medical and financial needs
  - Participant can change plans as needs evolve (subject to underwriting)



# Why Are Individual Plans Attractive?

Many UMC conferences have found that offering access to individual plans for retirees, with an option to provide funding assistance, is best aligned with individual and conference needs

**Choice**

**Cost Effectiveness**

**Flexibility**

**Sustainability**

Retiree exchanges are considerably different  
than exchanges for actives

# Why Medicare Exchanges Work

- Utilize large, growing risk pools
- Guaranteed issue during special enrollment period
- Carriers compete on price for 10 standardized Medicare supplement plans
- Leverage CMS\* subsidies
  - Medicare Advantage plans
  - Medicare Part D prescription plans

**\*CMS: Centers for Medicare and Medicaid Services**

# Why Via Benefits®

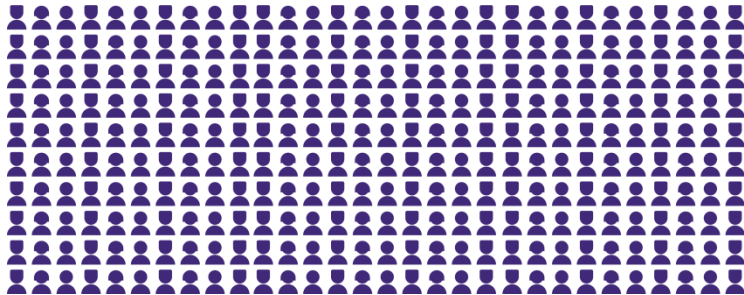
- Largest “exchange” provider
- Wide range of healthcare plans/partners in local individual markets
- Lifetime guidance and advocacy to participants from “senior sensitive” licensed benefit advisors
- Tax-advantaged funding through health reimbursement account (HRA)
- Strong communications infrastructure (phone support, print materials, website)



# UMC Enrollment Stats



**24 plan sponsors** (2012 – 2018)



**7,740 eligible members**



**Over 1,000 unique plans** chosen



**Nearly 100 different insurance carriers**

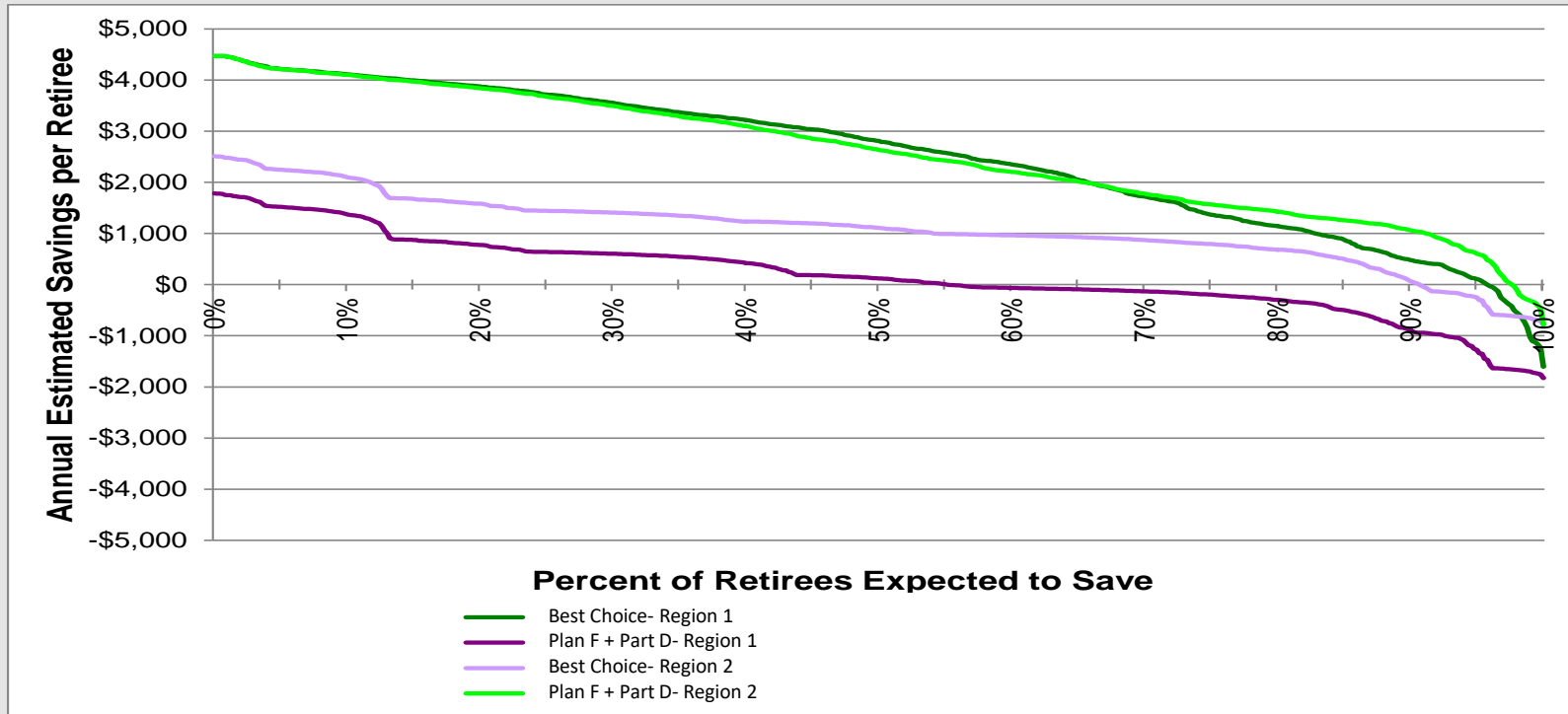
# 2018 Average\* Monthly Premiums

Medicare Supplement (Medigap)	<b>\$184</b>
Prescription Drug Plan (PDP) <ul style="list-style-type: none"><li>• Coordinates with Medicare Part D</li></ul>	\$32
Medicare Advantage with prescription drug	\$34
Dental	\$33
Vision	\$14

**Participants use HRA funding from conference  
(if any) toward premium reimbursement**

**\*Across all plan sponsors partnering with Via Benefits® through Wespath**

# Sample Financial Analysis



Thousands of possible retiree outcomes simulated, controlling for utilization, age, geography and plan choice. All levels of use are reflected (catastrophic, healthy, episodic, etc.).



# Wespath Health Resources Available

- Proactive outreach to high priority conferences ongoing
- Available to support other conferences by request





**Wes**path

BENEFITS | INVESTMENTS