HMC’s Transition from the Emeriti Retirement Health Solutions Program

OPEN FORUMS

NOVEMBER 10 AND 12, 2015

Why end HMC's participation in the program?

- Low participation in the Aetna medical insurance benefit and medical expense reimbursement benefit
- High administrative fees
  - $6.67 in administrative fees for active employees
  - $11.67 in administrative fees terminated/retired employees
- Low participation in employee post-tax voluntary contributions
  - No active employees currently make voluntary contributions
  - Since 2006 only four employees have elected to make voluntary contributions
- The Affordable Care Act prohibits retirees from re-employment at HMC if enrolled in Emeriti health insurance or if the medical reimbursement account is used.

Spending Down Emeriti Fund Balances

TWO-STEP PLAN

STEP 1 – From **January 1 through December 31, 2016:**

- **Terminated faculty and staff** with five+ years of service will be able to spend down their accounts
- Eligible **active faculty and staff** will be able to spend down their accounts by submitting reimbursements for qualified medical expenses from their Health Reimbursement Account.
  - Requires five years of completed service as of December 31, 2015
  - Faculty/staff member and dependents must be enrolled in a **medical plan** offered by HMC

STEP 2 – **Active faculty and staff only**: unspent funds as of December 31, 2016 will be pooled and used to pay the employee's portion of medical insurance beginning **January 1, 2017 and ending December 31, 2017** or until the funds are exhausted, whichever occurs first.

- Requires five years of completed service as of December 31, 2015
- Faculty/staff member must be enrolled in a medical plan offered by HMC

Step 1 - Health Reimbursement Account

Health Reimbursement Accounts (HRA) are similar to Health Care Flexible Spending Accounts (FSA) because:

- They can be used to pay for your and your dependents' out-of-pocket qualified **medical, dental and vision expenses** (e.g. co-pays, hearing aids, chiropractic services), that you incur during the plan year
- The employer owns the account
- A domestic partner must be a "qualified tax dependent" as defined by the IRS
- Most HRAs and FSAs issue a debit card
- For employees enrolled in the Anthem Lumenos High Deductible Plan
  - Use of HSA funds and contributions to the HSA continue – no limitation/prohibition
  - They have a limited scope HRA/FSA until the deductible is satisfied (limited to dental and vision)
  - Once the deductible is satisfied, the HRA/FSA may be used for **medical**, dental and vision expenses
  - The employee is responsible for verifying with the plan administrator that the deductible has been met

Step 1 - Health Reimbursement Account

The MAJOR differences between an HRA and Health Care FSA are:

- HRAs are funded by the employer – there are no employee contributions
- FSAs are capped at $2,550
- Active employees and their dependent(s) must be enrolled in a **medical plan** through the employer to be eligible to use the HRA to pay for or be reimbursed for qualified medical expenses
  - The Affordable Care Act requires an HRA to be integrated with an employer's medical plan
  - The Affordable Care Act does NOT require an HRA to be integrated with an employer's dental and vision plans
- Funds in the Health Care FSA must be exhausted **before** funds in the HRA can be used
- The College's HRA requires employees to have five years of completed service at the College

HRA Plan Administration

SelectAccount – the firm that will manage the HRAs and fund balances

SelectAccount will:

- Work with HMC, Emeriti, and TIAA-CREF in transferring funds to a new Trust Company
- Establish HRAs
- Process claims
- Issue a debit cards for employees and dependents
- Provide guidance on qualified medical expenses

Step 2
Paying Medical Insurance Premiums

January 1, 2017

- Unspent funds at the end of December 2016, will be pooled into one account
- The account will be used to cover the employee’s share of **medical** premiums for until the funds are exhausted
- This will be available to **active faculty and st**aff with five years of service as of December 31, 2015 and who are enrolled in a medical plan through the College

Questions?