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To:

Sent: Thursday, October 17, 2013 6:01:27 AM

Subject: Latest on health plans, pensions and more



Important Updates for State and University Retirees

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New Retiree Health Plan – The state of Illinois has completed the competitive bidding process for the health care firms that will administer Medicare Advantage plans for SERS and SURS retirees. Under the terms of the AFSCME collective bargaining agreement with the state, the new plans must provide quality, access and cost comparable to the current health plans. Due to the state's procurement regulations, AFSCME was not permitted to review the RFP that was issued to solicit bids or to have any involvement in choosing the new Medicare Advantage providers.

The Illinois Department of Central Management Services (CMS) has now announced the successful bidders – United Health Care (PPO), Coventry Advantra (HMO) and Humana (HMO) – and begun the implementation process. AFSCME has requested copies of all of the plan documents and will be analyzing them to ensure that they meet standards regarding quality, access and cost set forth in the collective bargaining agreement.

The Open Enrollment Period for the new plans will be November 12 through December 13. (At the request of AFSCME Retiree Chapter 31, the deadline for enrollment was extended from the date originally announced.)

Retirees will still be able to choose between a PPO or an HMO plan in those areas of the state covered by the Coventry and Humana plans. As was previously the case, the HMO has lower dependent costs than the PPO, but restricts the choice of health care providers to those within the designated network.

Under the Medicare Advantage PPO plan offered by United Health Care (UHC), retirees will not have any restrictions in their choice of provider. Retiree co-payments will be 10% of the charge both in and out of network. As long as the out of network provider accepts Medicare, UHC will pay the bill directly at the Medicare rate and the retiree will not have to pay more than 10% of the Medicare rate.

In addition, the PPO dependent premium cost will actually be lower than the current cost, \$110 monthly instead of the current \$142 for one dependent, and \$155 instead of \$203 for two or more dependents Pursuant to the AFSCME contract, both plans will have co-pays and deductibles comparable to those you currently pay, as well as procedures that require no co-pay at all.

Perhaps most importantly, both HMO and PPO plans will have a maximum annual medical out-of-pocket limit of \$1,300.

We know that there has been considerable confusion and concern about the implementation of the Medicare Advantage program. You will soon be receiving comprehensive information regarding the new plans in the mail from CMS. It's very important that you review all of the information carefully and respond promptly.

If you have any questions after reviewing the material, you can call Retiree Chapter 31 Coordinator of Retiree Programs, David Amerson, at 217-788-2800.

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Pension Threat Still Looms – The threat to the pension benefits of SERS and SURS retirees remains very real, but one of the most intensive grassroots lobbying campaigns ever waged in Illinois has thus far blocked passage of pension-slashing legislation.

AFSCME and our allies in the We Are One Illinois union coalition are supporting SB 2404, a compromise plan negotiated with Senate President John Cullerton that makes only modest changes to pension benefits – and does so within a constitutional framework.

But a bipartisan legislative conference committee has been meeting for months trying to craft a “compromise” between SB 2404, which passed the Senate, and SB 1, legislation passed by the House of Representatives that would make much more draconian cuts to the benefits of both active and retired state of Illinois and state university employees.

The union coalition is opposing the draft plan developed by the conference committee, pointing out that SB 2404 is already a “compromise” bill and no more than that should be expected of public employees and retirees. Unfortunately, it now appears that Sen. Cullerton is shifting his support to the conference committee plan and may introduce it as a bill in the upcoming veto session. [You can click here to read We Are One's fact sheet](#) about what is wrong with the conference committee plan.

And be on stand-by to lobby against the conference committee plan if Sen. Cullerton tries to move it forward!

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Dependent Eligibility Audit – For the first time ever, the state of Illinois is conducting a comprehensive audit of all enrolled health plan dependents to determine if they are still eligible for coverage – and is using an outside vendor, HMS Solutions, to do so.

Unfortunately, this process was initiated without any warning to SERS and SURS retirees – the result was considerable confusion and serious concerns about privacy. AFSCME did not receive any notification about this audit until the mailing to retirees was being sent out.

The situation was further complicated by the federal government shutdown which prevented access to federal tax returns which some retirees needed as part of the verification process.

Retirees were concerned about the confidentiality of the information provided, as well as the tight deadline initially imposed for providing the information. AFSCME Retiree Chapter 31 was able to persuade CMS to extend the deadline. AFSCME also researched the vendor's record in conducting such audits and did not find any indication that confidentiality of documents submitted had been compromised in other audits that the firm conducted.

The new deadline for return of all documentation in the dependent eligibility audit is December 6. If you have any questions regarding completion of the audit forms, you can call David Amerson at 217-788-2800.

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