ASRS Health Insurance Committee Meeting Report for October 14, 2008

The ASRS Health Insurance Committee is composed of representatives of 15 state employee retirement organizations. The committee makes recommendations to ASRS regarding retiree health insurance plans and educates itself about issues affecting senior health care. The meeting on October 14 was mostly an informational meeting.

ASRS is currently in open enrollment until Friday, November 14. Medical insurance premiums and plan provisions for 2009 will not change, except for the senior supplement prescription program. That is changing due to Medicare changes. Domestic partners will be added as an eligible class of dependents effective January 1, 2009.

While PacifiCare has one more year on the health insurance contract, ASRS has decided to go out to bid in January for a new plan(s). They believe there is more interest from health insurance companies than in the recent past due to large numbers of retiring baby boomers. ASRS will set up an evaluation committee after bids are received and analyzed by consultants to consider which plan(s) will be best for retirees. That committee will include two Health Insurance Committee members, ASRS staff, and ASRS Board members. They will recommend a plan(s) to the entire Health Insurance Committee to consider.

ASRS is publishing a quarterly newsletter to educate members on plan benefits and ways to save money outside ASRS plans, such as $4.00 prescription programs at supermarkets and other chain stores.

The current retiree benefits are safe, despite market downturns. Older retirees that do not have the current defined benefit plan may be in danger of lower benefits because part of their plan fluctuates with the stock market. Between market decreases, more people retiring, and increased benefits, the ASRS Trust Fund Assets has lost $6 billion (about 25%) in the last 16 months. This will mean increased contribution rates for current contributors and no PBI for retirees for perhaps 10 to 20 years. The director is floating the idea of a Cost Living Increase of 1% per year and is curious as to what our members might think of the idea. (This was not mentioned at the meeting, but is from a different source.)

The ASRS legislative initiatives will include an attempt to discourage employers from offering early retirement programs by creating a profile of early retirees and charging employers for them. It will also include an attempt to charge employers an alternate contribution rate for retirees who return to work (Smarter Schools, etc.). ASRS will try to change the defined benefit plan from a 36 month average to a 60 month average. All of these changes must be passed by the legislature and they would like our help in doing so.

Several committee members also asked questions about the health insurance and prescription plans, and complained about some confusion with prescription plans. It was suggested that committee members attend one of the Retiree Health Insurance Open Enrollment meetings which are being held around the state (p. 5 in the Open Enrollment Guide). These meetings would probably benefit all members who wish to know more about their health insurance and prescription benefits.

Richard Spitzer, AEA-R Representative