

## RETIREE BENEFIT CHOICE™—CLIENT ADVISORY

### GIVING TAFT HARTLEY FUNDS A CHOICE THAT LIMITS COSTS, PROTECTS RETIREES

The dominant trend in the private sector has been for employer groups to move retirees to the individual marketplace. This involves terminating a group plan and setting up an HRA for the retiree and having the retiree go shopping on the individual marketplace.

This is a viable option for most Taft-Hartley funds. Retirees paid into the fund for years with the expectation of receiving a certain level of benefits from the Fund in retirement. However, Taft-Hartley funds face the same rising cost as private sector plan sponsors. There are, however, innovative strategies that can allow Trust funds to preserve benefits and save money.

Today, AmWINS has developed a better way—a hybrid option that provides Funds with the opportunity to sidestep the burden that retiree health care has become while still providing protection afforded to them through a Trust Fund-sponsored plan. And just as popular hybrid cars give drivers the combined advantages of electrical power (lower costs) and gasoline engines (longer range), the new hybrid retiree health option—Retiree Benefit Choice—blends the best aspects of non-ERISA and individual plans to serve the needs of both Trust Funds and retirees.

### THE DILEMMA FACING TAFT HARTLEY FUNDS

Long after retirees have stopped contributing to a Trust Fund they continue to receive benefits. As people are living longer and healthcare costs are continuing to rise, this has placed significant financial burden on Funds to provide these benefits.

Taft Hartley funds fall under ERISA rules and regulations, requiring the expense of 5500 filings, audits and the associated liabilities. At the same time, this aging population may need more assistance understanding their coverage; when they turn to the Trust Fund for answers, the administrative burden for the Benefits Funds Office grows.

As economic pressures have mounted over the past few years, including raising cost trends and the prevalence of specialty pharmacy, many Trust Funds are looking for better, more cost-effective ways to deliver on promised to retired members. Shifting to a Medicare Exchange (sometimes referred to as coordinator) has been an option that is gaining traction. Under this strategy, employers allocate the retirees a stipend so they can shop for their own supplemental policies on an “exchange” that gives them choices across a broad range of available policies.



ON YOUR TEAM.

## THE DRAWBACKS FOR RETIREES

Giving people choices always sounds like a great idea. However, as the marketplace for consumer goods of all types has expanded, choice has become a mixed blessing. When someone is faced with dozens of car models, toothpaste brands or cameras—all with different features, strengths and drawbacks—picking the best one can be very difficult.

When the choice involves a cost and benefit analysis, what the retiree decides can be critical to their health and financial well-being. Holes in coverage often are not noticeable until people use the policy, when it is too late to change their minds.

Retirees who are left on their own to evaluate retiree benefit plans often have difficulty determining which one—if any—will give them the same coverage they enjoyed under their union plan. In the end, both the Trust Fund and retirees are often dissatisfied with the shift to a Medicare Exchange strategy.

## THE HYBRID SOLUTION

With 20 years of experience in the retiree benefits market, we believed there had to be a better way. After examining the opportunities to help Trust Funds and the pitfalls that retirees face, we have developed a much better option that gets Funds out from under the costs and administrative burden, while protecting retirees and simplifying the process for them. Like hybrid cars, this hybrid retiree Medicare solution combines the best of both worlds: customized plans that can match a retiree's current benefits plus consulting support if the retiree prefers to look at other choices.

If the Fund is under court order or is obligated by grandfathered requirements, a benefit plan can be customized to match the current plan design. In addition, the hybrid plan takes over the role of assisting retirees if so desired. The plan comes with complete call center support, with experienced, licensed benefit advisors, as well as online support for technology-savvy seniors.

Retirees benefit in many ways. Medical plans can be arranged with multi-year guarantees, providing financial stability over time. In addition, a choice of plans can be presented that meet different criteria for pricing and coverage—including a more robust pharmacy benefit, often an important consideration as retirees age and face chronic medical needs. These choices come with composite national pricing that is unaffected by age, gender, zip code, health condition and weight/smoking status.

## CONCLUSION: HYBRID PLAN A RESPONSIBLE SOLUTION FOR TAFT-HARTLEY PLANS

AmWINS Retiree Benefit Choice provides a hybrid Medicare Exchange strategy that allows:

- Carving out their retiree population
- Giving retirees a subsidy to purchase insurance
- Guaranteeing that one option will perfectly match current benefits
- Supporting evaluation of other choices with call center and online resources

