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# Family Structure, Roles and Dynamics Linked to Retirement Security

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# Retiree Medical Insurance Management Perspectives From an Independent Retiree Resource Center

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The purpose of this paper is to identify and discuss issues affecting a retiree's ability to successfully navigate medical insurance choices. This perspective is from experience running a full-time nonprofit retirement center founded and operated by volunteer retirees.

> *The boy's voice on the phone wavered slightly with uncertainty, then he pressed on politely with more determination. "Thank you, Ma'am. I heard you could maybe help my grandma. She's real sick now and has all these bills and could really use some help and she used to work for the company and someone told my uncle and he said maybe you could help. She can't drive no more, she is too sick, but I can bring her."*
>
> *"How old are you? Can you drive? Aren't you in school?"*
>
> *"I'm 16 and I can drive, and I'm home schooled and can come when you want when she's feeling OK with her breathing."*
>
> *I called her. After the phone rang a while, a weary voice finally answered, and went from wary to very excited.*
>
> *"He's such a blessing, such a blessing. I didn't know he would really call you. Yes, whatever he says, he is such a wonderful boy. We can come."*
>
> *The boy drove his grandmother in and helped her walk and get settled in the office. He had obviously spent hours sorting through piles of bills for her in case we could help. His grandma said, "I tried to put in claims a few times a few years ago, but they just got rejected and I just gave up."*
>
> *After we registered his grandmother online, we could see she had over $16,000 in her health reimbursement account (HRA) that she had never been able to access. Meanwhile, during four years, her hospital and doctor bills piled up unpaid and earning interest while she was skimping on her own medications. We helped her process her claims, paying old hospital bills right then.*

The Retiree Resource Center (RRC) has seen more than 50 people who have never been able to access their retiree medical accounts and many have been suffering heavy financial burdens.

Other retirees have been sent checks never shown as cashed, those uncashed funds then sent by the claims administrator to the state per abandoned property regulations, and in all practicality, lost for many retirees. Still others had their insurance cancelled when they were too ill to pay the premiums or unable to sift through the mounds of paper to determine what was really important.

Are these retirees outliers? Or do they represent a significant portion of senior citizens who have not been able to successfully integrate into this country's retiree medical system?

Companies have often completely outsourced their retiree programs to third parties whose communications are limited to online and telephone prompt systems with no face-to-face contact. How do these systems meet the needs of retirees who often have their own health issues?

- About 25% of adults age 65 to 74 and 50% of those 75 and older have disabling hearing loss.[1]
- Half of seniors have some home internet access but use decreases by age.[2]
- Cognitive issues increase with age: One in three seniors die with Alzheimer's or related dementia.[3]

## Evolution of the RRC Service Model

The RRC was established in 2014 by an independent retiree group of a large company that outsourced its retiree Blue Cross group medical insurance in January 2013. The post-65 retiree medical plan became an HRA requiring retirees to purchase their insurance—Medigap, Medicare Part D or Medicare Advantage plans (MAP)—through the company-designated broker to be eligible for the company's annual stipend. Claims are submitted to a third-party claims administrator for reimbursement. All transactions must now be done by semi-automated telephone or online.

Continuing service issues during that transition caused the retiree association to expand and formalize their initial informal retiree assistance efforts. They knew many of their fellow retirees as intelligent and responsible, and had not foreseen the magnitude of the problems with new complex retirement insurance processes. The RRC recruited a professional manager experienced with large retiree medical insurance plans, and also found a suitable location for offices inside a city government building with parking, reception, meeting rooms, secure internet cloud facilities and state Medicare specialists and elder care services on site for consultation and referral.

About 15,000 retiree, spouses and surviving spouses became eligible for the HRA benefit, and new entrants age in regularly. Benefit eligibility has ended for new hires.

Company information provision for the post-65 program is mostly limited to outsource vendor mailings. The company retiree meetings for employees have been scheduled three to four times a year on the secure site. Some of those meetings were scheduled for employees' lunch periods and when that happened, over 50% of the attendees left after the first part of the presentation to return to work. Some employees do not attend because they do not want management to know they are considering retirement. Others underestimate the importance of the information they will need to successfully navigate the retirement process, or count on securing the information in an individual meeting or on the company internet.

Retired employees who will be turning 65 and become eligible for the new program do not have access to the meetings. Spouses and other family members are also not permitted to attend. It's estimated that less than 20% of eligible retirees turning age 65 attend the company meetings.

The RRC began its own monthly age-in training meetings in February 2015 and participation has been excellent in the 48 meetings held to date. The company has become increasingly supportive and has shared informative videos used in the RRC meetings.

RRC services are provided by about 30 volunteers who retired from the company and have the same

1 National Institute on Deafness and Other Communication Disorders (NIDCD). Quick Statistics About Hearing. Last updated Dec. 15, 2016 (accessed March 30, 2019). *https://www.nidcd.nih.gov/health/statistics/quick-statistics-hearing.*

2 Smith, Aaron. 2014. Older Adults and Technology Use. Pew Research Center report. April 3. *https://www.pewinternet.org/2014/04/03/older-adults-and-technology-use/.*

3 Alzheimer's Association. 2019 Alzheimer's Disease Facts and Figures. Annual report. *https://www.alz.org/media/Documents/alzheimers-facts-and-figures-2019-r.pdf.*

retirement plan benefits. The volunteers are mostly experienced managers who were engineers, scientists and others with advanced degrees; about 20% have Ph.D.s. Most have completed State Health Insurance Assistance Program (SHIP) training along with routine training tailored to other RRC services and computer training to increase their Medicare.gov skills. The volunteer retiree database expert has been integral to the operation because he built an easy-to-use database that eliminated paper files and accurately tracks key data. The state functionaries have seen his database and several of the government offices have subsequently hired him to design similar databases.

## RRC Metrics Since Inception

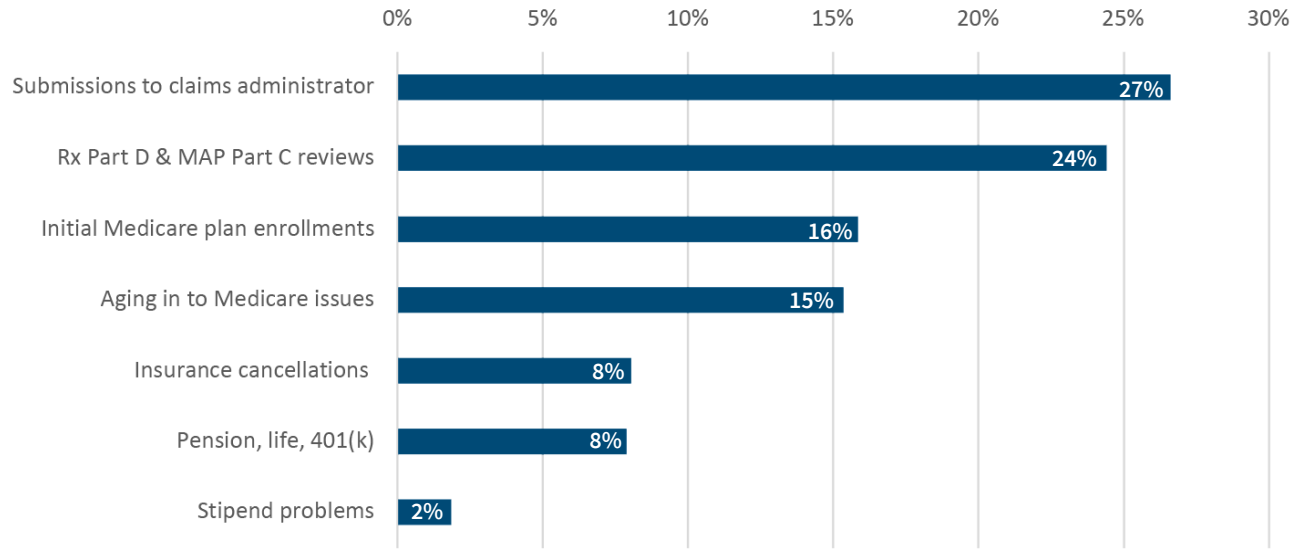
Since the Retiree Resource Center opened through January 2019, more than 2,300 clients have been helped. Some of the other milestones are shown in Table 1. These metrics present an idea of the need for services and the population demographics.

**Table 1** RRC Metrics (Sept. 1, 2014, to Jan. 31, 2019)

| | |
|---|---|
| Clients served | 2,388 |
| Office visits | 3,693 |
| Phone contacts | 5,998 |
| Home visits | 65 |
| Age-in training meetings | 48 |
| **Total attendees** | **860** |
| | |
| Third-party reimbursement claims transmitted from RRC | $2,150,129 |
| | |
| Rx reviews for 2015–18 | 1,453 |
| Projected savings from reviews and plan changes using the *Medicare.gov* model with client-specific meds, pharmacies and plans | $1,363,739 |

The following graphs show the issues discussed during retiree client meetings, the ages of retiree meeting participants, and the gender and breakdown by their status as it relates to the plan participate. Marital status is also included, which can give an indication of potential emotional and financial support. First, Figure 1 breaks down some of the topics.

**Figure 1** Client Meeting Issues

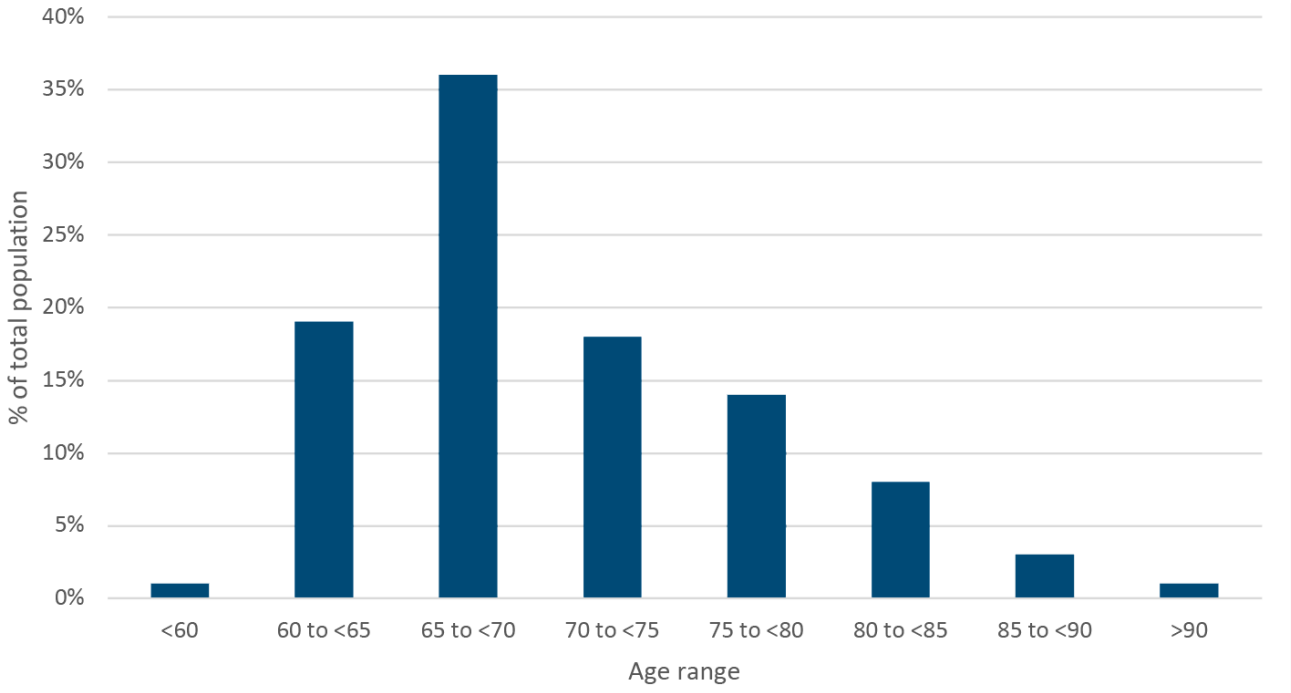



*Source: SRSRA Retiree Resource Center

The age is skewered toward 65 due to the popularity of the age-in training meetings for when the retiree is preparing to enter the post-65 HRA. This can be seen in Figure 2.

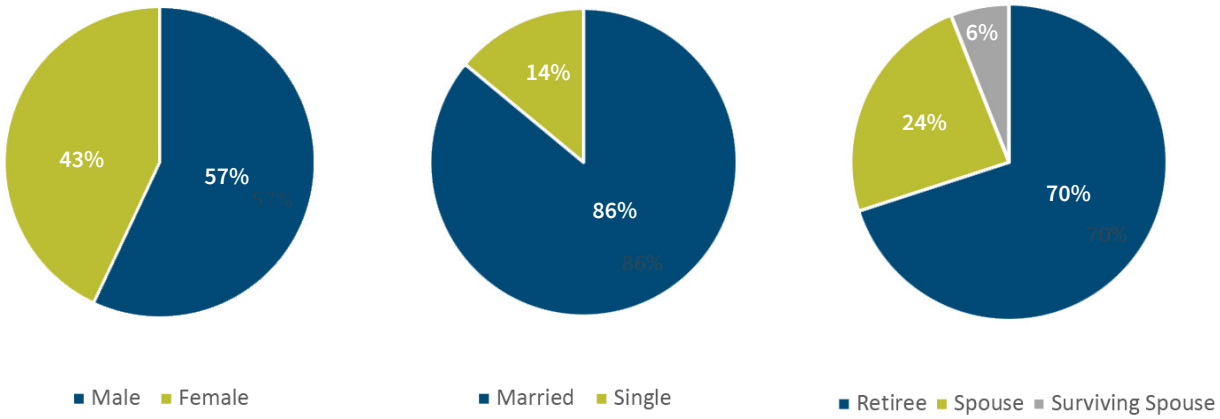
Figure 3 shows the break down by gender, marital status and association to the company.

**Figure 2** Age Range at Last Contact Date




Source: SRSRA Retiree Resource Center

**Figure 3** Gender, Marital Status and Company Association




Source: SRSRA Retiree Resource Center

## Observations and Recommendations

The RRC has learned a great deal about client issues from the nearly 3,700 client meetings conducted to date. The following sections highlight important observations and the bullet points contain recommended steps to ease this transition from work to retirement.

### ENCOURAGE FAMILY SUPPORT

Family support is integral. Decisions are often complicated and difficult for people who have always enjoyed the relatively easy decisions of group medical insurance plans. Penalties for late decisions can affect a lifetime, and exit barriers can prevent future changes. Materials are significantly beyond what a person can comfortably absorb, especially when Social Security decisions are included.

- Consistently allow and encourage the spouse, child or friend to participate in all office visits and meetings.
- Make online information available remotely to be accessible by the entire family.
- Encourage the retiree to have medical privacy forms such as HIPAA paperwork in place so family can access information.

### SET UP AUTOMATIC PAYMENTS AND DIRECT DEPOSITS

Some retirees are afraid of automatic bank transactions. The actual incidence of bank fraud is small, especially when compared with the adverse consequences of insurance cancellation due to premium nonpayment. RRC experience has shown direct deposits and automated payments offer greater protection to the retiree.

- Strongly encourage retirees to have insurance payments set up automatically so payments continue if the parties become ill or begin suffering from cognitive issues.
- Strongly encourage retirees to establish direct deposit reimbursements to reduce the incidence of uncashed and stolen checks.

### REVIEW MEDICARE SUPPLEMENT AND ADVANTAGE PLANS

The government has expended a tremendous effort recently promoting Medicare Advantage plans over Medigap plans. MAPs can be a very good choice for some, but the plans are more difficult to explain and understand, not all types are offered in all areas, and they require more close attention because, unlike Medigap plans, they should be reviewed annually.

- Take the time to explain MAPs including copays, plan limits, network restrictions, Rx coverage and barriers to returning to Medigap plans. Refer questions to licensed agents.
- Verify the doctors and hospitals the retiree believes essential are in the plan network. The plans have such similar names those errors can be easily made.
- Watch for discontinued MAPs to determine if the retiree is going to be automatically put into a plan that will not meet their needs next year.
- Explain the differences in Medigap plan pricing (community based, age-based, etc.) to eliminate the retiree choosing the lowest initial premium cost without understanding future premium pricing considerations.

### PROVIDE PART D RX PLAN ANNUAL REVIEWS

The current Part D structure substantially misses the needs of retirees due to a number of reasons, particularly the human resistance to change.

- The Rx plans have to be carefully reviewed EVERY year because drug plans, formularies, copays and networks change often materially, resulting in thousands of dollars in extra out-of-pocket (OOP) expenses for those people not vigilant.

  Almost 70% of the 1,453 Rx reviews conducted from 2015 to 2018 using the Medicare.gov model have resulted in savings by changing from the existing Rx plan. The average annual OOP savings of those 981 plans showing savings has been $1,390. Over four years of annual enrollments, 58 (4%) of plan reviews produced annual OOP savings greater than $5,000.

Careful coaching is required because retirees often do not have the internet access and technical ability to conduct their own online reviews or the hearing ability, patience and cognitive span to use the Medicare or broker telephone review service.

The current Medicare Rx model is particularly faulty because retirees usually benefit from having a single pharmacist on a continuing basis particularly when they take a large number of medications. That relationship can be very important to their medical progress. Yet the current model often requires retirees to change their pharmacy to control costs.

Also, the model uses current medications to make the analysis, which means if the retiree chooses the plan based on premiums alone, and then experiences serious medical issues, their Rx OOP will probably be significantly high. People who begin expensive nonformulary medications early in the plan year will have no financial relief until the following plan year.

### EXPLAIN BENEFIT COORDINATION PROBLEMS

The current retiree medical benefit climate fosters duplicate coverage and gaps in coverage with its myriad of benefit coordination issues and ever-changing plan provisions. The RRC sees many employees with duplicate coverage too frightened to cancel unnecessary premiums, or forced into buying coverage they do not need in order to meet stipend requirements for company coverage. Some retirees have maintained this duplicative coverage for many years.

For example, South Carolina's Public Employee Benefit Authority (PEBA) plan allows certain other retiree medical coverage that can be advantageous if it has to be purchased to obtain a stipend, allowing re-entry during its annual open enrollment period. Georgia, on the other hand, has a state retiree MAP that prohibits other coverage and does not allow plan re-entry once coverage is terminated. When you also consider Tricare coverage for military personnel and the various levels of Veterans Administration benefits, and Medicaid and specialized Energy Employee Occupational Illness Compensation Program Act (EEOICPA) occupational disability benefits, benefit coordination can become a nightmare with each party telling the retiree they cannot be responsible for interpreting the other party's coverage. These analyses are very difficult for retirees with no benefit comparison experience.

- Always check for potential benefit coordination issues. Encourage the retiree to obtain a summary plan description (SPD) of the other plan. Prepare specific questions in writing that they should ask the other provider benefit experts. Review potential adverse effects.

### DISCUSS STIPEND MANAGEMENT STRATEGIES

Cash flow management skills were largely unnecessary when medical insurance was paid out of active employee paychecks. Now that many retirees have HRAs and have to file for reimbursements, they need to leave enough funds to cover priority expenses throughout the year. Most HRAs allow a number of types of expenses and if the retiree files for them all as soon as the stipend is allocated, there may not be enough money later in the year to cover important premiums. That same situation can occur when approved claims are carried into the new stipend year to be paid then. Some of the largest claims administrators, including the claims administrator for the RRC, do not provide information on their system about the amount of the pending claims that will be paid when the next stipend is allocated. Also, one cannot assume that the retiree is able to control cash flow when an ill or less responsible spouse, or a child with access to the account data, wants to use the stipend funds as soon as possible regardless of later consequences.

- Do not encourage retirees to secure maximum reimbursements as soon as possible and then "invest" the money to meet future payments. Be aware of family dynamics and individual needs and respect wishes to leave some funds in the account.

- Companies could consider more frequent stipend payouts throughout the year to assure adequate money for later premium payments.

### PROVIDE LIFE INSURANCE INFORMATION

RRC experience has been that retirees do not always maintain current beneficiaries and often name

no contingent beneficiaries should their spouse predecease them. Some do not know the amount of their benefit.

- Show retirees how to access policy information online with the carrier, and print it out for them. Retirees need to know the benefit amount, particularly since many policies have declining benefits based on age, which could impact planning.

### STRESS THE IMPORTANCE OF INCLUSION

One of the best practices at the RRC has been to install a second computer screen at each desk facing the retiree so the retiree (and spouse or friend) can follow what is being done. This helps them understand the process, learn to replicate the process when possible, and to note and correct information.

The other participative process is to use the speaker feature with the telephone whenever possible to allow the retiree to hear the entire conversation.

- Encourage active participation with third-party interactions.

### ENSURE A SUPPORTIVE PHYSICAL ENVIRONMENT

Retirees are much more likely to experience balance problems, hearing loss and cognitive issues as they age. Be sure your environment is safe for them.

- Use chairs that are designed to more readily bear heavier weight comfortably and not easily tip when sitting down or getting up.
- Use offices with doors whenever possible to dampen distracting noise particularly for conference calls where hearing is difficult, and also to provide privacy.
- Verify your handicapped parking spaces and restrooms are accessible.

## Conclusion

Retirees, families, retirement counselors, medical advocates, employers, vendors, advisers, insurers and the government all have important roles and need to more closely coordinate their efforts to address the serious problems in the retiree medical insurance environment today.

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