RETIREE HEALTH BENEFITS
INFORMATIONAL MEETING

APRIL 12, 2010

Frequently Asked Questions

Q. What is the status of the County of Mendocino (the County) Retiree Health Plan?

A. The County of Mendocino retiree health plan is funded by the County and reimbursed from excess earnings from the County's retiree pension plan and retiree contributions. It is anticipated that based on costs associated with the current retiree health plan that the availability of excess earnings to reimburse the County's retiree health plan cost will be depleted by the end of the year 2010.

Q. What is the County proposing to do under the current status?

A. It is proposed that the County implement a strategy to maintain access to health care for qualified Mendocino County retirees.

Q. What is that strategy?

A. It is proposed that the retiree health plan be changed as follows:

- Retirees eligible for Medicare will be offered a fully insured individual Medicare supplemental or Medicare Advantage coverage through a Medicare coordinator (Extend Health)
- Retirees eligible for Medicare can select coverage from 52 different carriers offering over 1,000 Medicare supplemental or Medicare Advantage through Extend Health.
- Retirees not eligible for Medicare will be offered self-funded coverage through the County. The plan design will emulate the Plan II of the County's health plan for active employees (see the benefit comparison handout for details in the plan design).
- The County would provide a contribution $100 per month into a Health Reimbursement Account (HRA) for Medicare eligible retirees as long as excess earnings from the pension plan are available to reimburse the County.
- The County would provide a contribution $200 per month for non-Medicare eligible retirees as long as excess earnings from the pension plan are available to reimburse the County.

Q. When will this strategy be implemented?

A. It is proposed that the strategy be implemented for an August 1, 2010 effective date.

Q. What will be the cost of coverage for the retirees?

A. It is proposed that the cost of coverage would be as follows:

- Retirees eligible for Medicare will be offered a variety of coverage through Extend Health. It is anticipated that this coverage can cost anywhere from $25 per month to $380 per month depending on plan selection. The retiree cost would be the cost of coverage. The County would provide $100 per month towards that coverage.
- Retirees not eligible for Medicare will be offered self-funded coverage through the County. It is anticipated that this coverage will cost $731.20 per month. The retiree cost would be the cost of coverage. The County would provide $200 per month towards that coverage. The retiree would pay the $531.20 per month difference.

Q. What happens when the excess earnings from the pension plan are depleted and not available to reimburse the County for retiree health?

A. The cost of coverage will be the responsibility of the retiree.

Q. How long will this strategy extend the County contribution towards retiree health coverage?

A. It is projected that this strategy will extend the County contribution by 14 months from the August 1, 2010 effective date.

Q. What happens if a retiree has ongoing medical conditions?

A. As a result of implementing this strategy no currently covered retiree would lose coverage, would have coverage limited, nor be asked to pay an additional premium to have their medical conditions covered.

Q. Who developed this strategy?

A. The County established a retiree health benefit committee which worked with the County and the County's health benefit consultant to develop this strategy.

Q. How was Extend Health for Medicare eligible retirees selected? How was the County's self-funded health plan selected for the non-Medicare eligible retirees?

A. The County placed the retiree health plan coverage out to bid for both self-funded and fully-insured coverage. Extend Health was selected from this process for the Medicare eligible retirees. No viable options outside of the County's self-funded health plan was available for the non-Medicare eligible retirees.

Q. Who is Extend Health?

A. Extend Health is a Medicare Coordinator headquartered in the Salt Lake City, Utah region. They assist Medicare eligible retirees in the selection, service, and delivery of Medicare supplemental plans and Medicare Advantage plans.

Q. Do I have to go through Extend Health for coverage if I am Medicare Eligible?

A. If you are Medicare eligible, you are required to go through Extend Health for coverage in order to receive the County contribution.

Q. How do I work with Extend Health?

A. Extend Health will be at the County during the open enrollment process to assist retirees. Additionally, service advisors are available telephonically. Extend Health will work with you, your family members or any other advisors you may use for making these decisions. Extend Health is able to help you select the most appropriate coverage based on your location, the healthcare providers you use and the medications you use. More information will become available on the implementation and communication process once the County has contracted with Extend Health.

Q. When will the County decide to implement this strategy and contract with Extend Health?

A. It is proposed that the County Board of Supervisors will vote on this strategy on Tuesday, April 20, 2010.

Q. Will the proposed strategy include post 1998 retirees?

A. It has been proposed that the strategy be offered to post-1998 retirees excluding the County contribution.