
A Communication from the National Association of State Farm Agents, Inc.

Follow-Up #3 on the State Farm Group Health Plan “Roll Out”

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I had my first Aon Hewitt Telephone Interview October 29, and thank God, I had a “licensed-to-sell-insurance-in-New Jersey” interviewer. I found her to be extremely well qualified, with a breadth of knowledge on the subject matter, and very courteous as well. And, what was most important to me, she was very patient not only with my barrage of questions, but through my statements for the record for the edification of both Aon Hewitt and State Farm executive management persons regarding this process, as the interview ran into two hours and 16 minutes.

I have a suggestion or two for the 27,000 retirees (19,000 employees and 8,000 agents) who must make a decision on some health plan to replace the State Farm Group Health Plan that will be secondary to their Medicare coverage by **December 7, 2011**. This information might also be something to consider for those approaching retirement who might like to be better prepared.

I would first suggest that you get a few items of reference material, including, a copy of the federal government publication “**Medicare and You 2012;**” a copy of the **November monthly issue of the “Consumer Reports”** magazine; and the **two separate information packets from AARP on their Medicare Supplement Plans and Prescription Drug Plans**. You may also want to request the same information packets from the Blue Cross/Blue Shield health carrier in your state.

And, finally, you should get, and read, and pay particular attention to **Page 15** of the glossy booklet mailed to you by Aon Hewitt when they asked you to call for your appointment. The importance of this page is that it shows the major differences between a Medicare Supplement Plan and a Medicare Advantage Plan. As I read that page, it is my opinion, that a Medicare Advantage Plan IS NOT equal to, or better than, the coverage we had under the State

Farm Group Health Plan as a secondary carrier. The three plan options under the State Farm Group Health Plan had clearly stated plan deductibles per person and per family, but aside from that it pretty much covered the “gaps” in original Medicare. You will note that Medicare Advantage Plans still include COINSURANCE which varies from plan to plan; and annual out of pocket expenses vary from \$3,000 to \$5,000; and restrictions on health care providers; and these things, generally speaking, Medicare Supplement Plans do not have. Hence, there is quite a difference in premiums.

The foregoing will provide you with a pretty good background of information, both as to content and competitiveness of the available Medicare Supplement Plans (Medigap), Medicare Advantage Plans, and Prescription Drug Plans, to aid you in making your decision.

While we all made our living handling a variety of paperwork, I don't know how many retirees are interested in the paper shuffling that will be necessary if you choose a health insurance carrier outside of the Aon Hewitt arrangement, and seek to be reimbursed for the health premiums you pay. In my opinion, there is a distinct advantage in having Aon Hewitt provide the ‘automatic’ procedure for processing reimbursement requests from the Health Reimbursement Account (HRA) created for you by State Farm.

Oh! Here's a great piece of relevant information that came to my attention in e-mail exchanges, and which I confirmed during my Aon Hewitt interview. And that is, Aon Hewitt can sell you one of the AARP Medicare Supplement Plans and Prescription Drug Plans (at no additional cost for that service), and **they will also provide you with the same ‘automatic’ reimbursement procedure for the premiums you pay.**

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So, for right now, I am considering the AARP Medicare Supplement Plan (Plan F) and the AARP **Preferred** Prescription Drug Plan (not the Enhanced) purchased through Aon Hewitt which includes their 'automatic' reimbursement procedure. But, what you do is entirely up to you!

Here's what the numbers look like for me, a retiree alone, who will be at age 75, by the January 1, 2012 effective date. For the 2011 year, State Farm has been contributing **\$168.48 per month** and I have been paying **\$93.26 per month**, for a **total monthly outlay of \$261.74** for the State Farm Group Health Plan. Although the State Farm Group Health Plan used to be a \$2 million Major Medical Plan, because of the broadness of Medicare Parts A & B coverage, it has essentially been called upon to perform like a Medicare Supplement Plan with Prescription Drug coverage.

At age 75, with an AARP Medicare Supplement Plan (Plan F) costing **\$236.77 per month**, and an AARP Preferred Prescription Drug Plan costing **\$34.50 per month**, for a **total monthly outlay of \$271.27**, it is just **\$9.53 more per month** than Medicare with the State Farm Group Health Plan. So, here's the bottom line. If I pay **\$271.74 per month** in 2012, and I get a **\$200 per month** reimbursement from the State Farm Health Reimbursement Account, my net cost will be **\$71.74 per month**. Right now the deduction from my Termination Payments is **\$93.26 per month**. So, if my addition and subtraction are correct, it looks like I'll be spending **\$21.52 LESS per month than in 2011** for my retiree health insur-

ance costs. And, it gets even better! I get the 'automatic' reimbursement procedure with Aon Hewitt and I get the full usage of the \$200 per month State Farm will be putting in my Health Reimbursement Account for the 2012 year. Of course, we all know that the 2013 year and after funding by State Farm just might be another story.

While there might be slightly lesser premiums through other sources for these selections, I just would rather not have to play the 'paper chase' for reimbursement myself. I should also point out that, as my interviewer currently understood, no matter how you arrange to pay your premiums (monthly, quarterly, semi-annually or annually) it looks like State Farm will be putting your \$200, or \$400, as your case may be, in your Health Reimbursement Account **on a monthly basis**. I am currently awaiting some paperwork from Aon Hewitt and my follow-up Telephone Interview on November 5.

I would be remiss if I did not share with you my impression (which may be just my own sensitivity on this matter) of the Aon Hewitt Telephone Interview. I got the impression that there was an effort being made to move me in the direction of the Medicare Advantage Plans. This of course, with their "low" premiums, and the recently touted from some sources, **\$0 premium plans**, would make that \$200/\$400 per month in your Health Reimbursement Account last longer and reduce the cost outlay of this "Roll Out" to State Farm.

FREE LUNCH anyone?

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