



June 22, 2016

Dear Research Foundation employee:

In the near future, you may hear about a change that will modify the way our current and future Medicare-eligible retirees and Medicare-eligible dependents of retirees obtain their health care benefits. **Because you are actively employed at the Research Foundation (RF), this change will not currently affect you.** This change may affect you in the future if you retire from the RF and are eligible for retiree health care benefits. This notice is for informational purposes only.

What's Changing and Why

Over the years, the cost of the retiree medical plan has grown significantly; medical inflation has steadily risen and our retiree population has grown. Meanwhile, funding for the plan has not kept up; it has actually decreased.

These factors have led the RF to regularly review the retiree medical program to ensure it continues to offer our retirees value and to make adjustments to our plans to help the RF and our retirees manage rising health care costs. In spite of these efforts, we continue to experience increases in our medical plan costs.

After extensive research and analysis, we have decided to modify the way that retirees currently obtain health insurance coverage. We've found that retirees who are eligible for Medicare can find greater choice, flexibility, and value by purchasing health care coverage in the individual market instead of by participating in the RF's group plan. We will continue to provide a level of financial support to help cover the cost of coverage for eligible retirees.

What This Means

Beginning January 1, 2017, instead of the current RF-sponsored group coverage that supplements Medicare coverage, Medicare-eligible retirees and/or their Medicare-eligible dependents age 65 and older will be able to choose from a wide variety of health plans available in the individual Medicare marketplace through the Aon Retiree Health Exchange™.

The Aon Retiree Health Exchange is a private insurance marketplace that lets retirees compare coverage, carriers, and prices. The Aon Retiree Health Exchange is not part of the health care marketplace or public "exchanges" that were introduced as part of the Affordable Care Act.

Here are some of the advantages of purchasing coverage in the individual Medicare marketplace through the exchange:

- **Greater choice.** On average, a typical Medicare-eligible retiree/dependent will have more than a dozen Medicare Advantage, Medigap, and Medicare Part D Prescription Drug Plans from which to choose. The number and types of policies available to you will vary based on your state and county.
- **Greater value.** In general, if you select coverage through the Aon Retiree Health Exchange your total out of pocket costs will be about the same or less than what you paid under the RF-sponsored group plan.
- **More stability.** The individual Medicare market provides competitive individual offerings with more stable costs than traditional corporate alternatives like the current RF program.
- **Protection from unexpected medical costs.** Purchasing supplemental health insurance through the Aon Retiree Health Exchange can limit your annual liability (the amount you pay for health care). Under Medicare Parts A and B alone, there is no maximum on how much you could spend out of your own pocket each year.

Helping Retirees Pay for Coverage

The RF will make an annual contribution to a Health Reimbursement Account (HRA) for most Medicare-eligible retirees and/or their Medicare-eligible dependent based on their date of hire and years of service at retirement. Medicare-eligible retirees and dependents can use these funds to be reimbursed for their individual Medicare Supplement, prescription drug, or Medicare Advantage plan premiums, as well as other eligible out-of-pocket costs, like copays and deductibles. The amount contributed to your HRA is determined by the RF, which reserves the right to modify or terminate the HRA at any time.

Questions?

If you have questions about your current medical coverage or retiree medical benefits, please contact your campus HR/Benefits Office.

Sincerely,



Kathleen Caggiano-Siino
Vice President of Human Resources

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