

Building a Bridge to the Future

ACERA's Retiree Medical Strategy

A Case Study

At a Glance

Challenge: The Alameda County Employees' Retirement Association (ACERA) serves retirees of the nation's seventh-largest county. Retiree health options and costs had become unattractive to retirees and unsustainable for the steward of their benefit funds.

Approach: ACERA's board of directors selected OneExchange from a field of six other options presented in response to an RFP.

Result: ACERA's first-year savings is projected to be nearly \$2 million, or 25% per covered retiree. Retirees received increased choice, one-on-one Medicare plan counseling and an average projected savings of \$300 to \$1,500 per retiree per year.



As the steward of the trust that funds health coverage for Alameda County retirees, ACERA is charged with providing cost-effective retiree health benefits. After assessing the coverage being provided for its 1,300 Medicare-eligible retirees and some dependents, ACERA identified a number of issues.

Given rising medical costs, the funds required to subsidize ACERA's retiree health benefits were shrinking at a considerable rate. "The costs for our retiree group Medicare coverage were becoming unsustainable, and customer service was inadequate," says ACERA's assistant CEO, Kathy Foster. "We decided to explore other options that could provide comprehensive medical and prescription drug coverage at an affordable price, along with excellent customer service."

Foster had heard representatives from the state of Nevada speak about its transition to a private Medicare exchange at a conference. An ACERA team researched the options extensively, and presented recommendations to the board of directors and its internal retiree advocacy groups. Both approved the team's recommendations and selected OneExchange solution from a field of six other retiree health coverage options that included other exchanges.

"Transitioning to an exchange was a multifaceted process," said Foster. "We had to explore the exchange concept; convince our board, staff and members that this was the right direction; find the right exchange; and educate and guide our members through enrollment."

"Post-enrollment surveys show that 98% were satisfied with the service and the coverage they chose — 93% extremely so."

While educating retirees and guiding them through the process, ACERA found that OneExchange was a strong advocate for ACERA's retirees, providing one-on-one guidance as retirees selected individual health plan choices, and acting as an advocate in addressing insurance carrier issues and questions on the use of ACERA-provided funds.

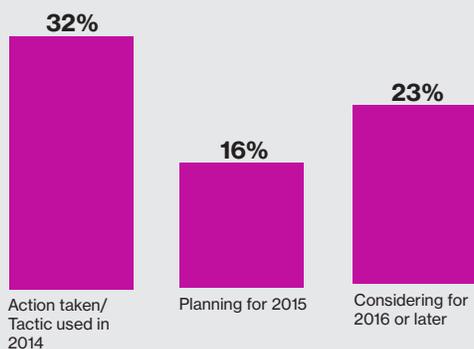
ACERA provides a subsidy to its retirees via a health reimbursement account, which retirees use to pay for medical and prescription drug expenses. The reimbursement process took some getting used to, but again, retirees were helped by one-on-one counseling from OneExchange benefit advisors.

“We have confidence in the predictability and sustainability of the health benefits we will provide into the future.”

Health care's rising costs have led employers on a search for alternate ways of delivering retiree health benefits.

According to a survey of 595 employers, those that provide **Medicare-eligible retirees health coverage** see a **private health exchange**, like OneExchange, as a commonly accepted solution:

Post-65 program change — Offer access through a Medicare exchange



Source: 2014 Towers Watson/NBGH Employer Survey on Purchasing Value in Health Care

In total, ACERA's retirees chose 214 plans from 55 carriers. Post-enrollment surveys show that 98% were satisfied with the service and the coverage they chose – 93% extremely so. Average retiree savings were projected to be between \$300 and \$1,500 per year, and ACERA projected it would save approximately \$2 million in the first year, or nearly 25% per retiree.

ACERA retirees shared this feedback: “[My benefit advisor] was very patient and knowledgeable. We were given the information we needed, and our questions were answered. It was a pleasant experience.” Another retiree said, “I would definitely recommend [the exchange] to anyone who may need to make changes in their health coverage. We were extremely pleased with the entire experience.”

Foster sums up the experience: “Through the exchange, we are able to provide our retirees a wide choice of high-quality Medicare plans as well as expert advice to help them choose among them. And we have confidence in the predictability and sustainability of the health benefits we will provide into the future.”

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