Towers Watson’s OneExchange leverages the individual Medicare marketplace to provide you and your retirees an intelligent solution that accesses the benefits of the nation’s largest private Medicare exchange, retiree communications and expert support, real-time reporting on transition status, and more.

OneExchange enables your Medicare-eligible retirees to shop for the Medicare coverage that fits their needs and budget. Retirees can choose the options that are right for them from more than 90 of the nation’s leading health insurance carriers.

With our solution, your retirees enjoy meaningful choice among individual health plans, and the value and transparency of a dynamic marketplace. Your organization can immediately reduce retiree health benefit costs, long-term FAS 106 liability and the administrative burden associated with managing retiree health plans.

In short, OneExchange offers a better solution to the challenge of providing post-65 retiree health benefits.

A Better Way for Retirees to Find Coverage

When you choose OneExchange, we work with you to transition your retirees from group benefit plans to Individual Medicare Advantage, Medicare Part D and Medicare supplement plans. Retirees need a guide and advocate through this process; the task of choosing coverage that fits all of an individual’s medical and budgetary requirements is not a simple one:

- Medigap insurance plans vary in price even though all plans with the same letter designation are functionally identical.
- Medicare Advantage plans vary in price and total out-of-pocket expenses as well as in plan design and physician networks, so comparing these plans can be even more time-consuming and confusing than comparing Medigap plans.
- Every Medicare Part D prescription drug plan has its own formulary — the list of covered drugs and associated copays for each one — and choosing the wrong Part D plan can cost a retiree hundreds or even thousands of dollars.

Without a robust insurance exchange and trained, expert support, individuals are left to educate themselves about these differences — a complicated process that can lead to poor choices and unnecessary expense. An individual might spend hours on the phone with different carriers. A frustrated buyer might choose to purchase through an insurance broker offering only one or two plan options — and not necessarily the most cost-effective ones.

OneExchange offers your retirees a much more positive experience. Our time-tested, scalable exchange platform allows retirees to review and compare Medicare coverage across plans, product types and carriers in a user-friendly format via phone or online. Throughout the transition, our rigorously trained and licensed benefit advisors assist retirees with choosing coverage that fits their medical needs and lifestyle requirements. Our benefit advisors are truly unbiased advocates for your retirees because they are not paid a commission to sell plans from any specific carrier.

A Better Solution for Employers

Across the United States, employers are looking for ways to address the rising cost of health care without reducing or eliminating benefits. In particular:

- One-size-fits-all group benefit packages no longer sufficiently address each individual retiree’s health care needs.
• Premiums for group health insurance plans continue to rise, sometimes at double-digit rates.
• FASB accounting rules require employers to disclose the projected cost of future health care benefits.
• Changes to the tax accounting rules for the federal Retiree Drug Subsidy have effectively increased the cost of offering prescription drug coverage to retirees.

These and other factors are forcing employers to grapple with the true cost of health benefits for retirees and to find a way to continue supporting those benefits in a way that is both manageable and sustainable. By leveraging OneExchange, you can continue to ensure that your retirees have access to benefits equal to, or better than, those provided under group plans.

By moving to OneExchange, you can control retiree health care costs, comply with FAS 106 reporting obligations and reduce the administrative burden associated with group plans. Your retirees can receive more tailored insurance coverage that you can sustainably support by capping your exposure for current and future health care obligations.

Better Value

Compared to traditional group plans, the individual Medicare marketplace can offer better value for retirees. Individual plans often start at a lower premium than do traditional group plans, and these individual plans have experienced lower trend increases than traditional group plans over the past several years. Several factors contribute to the lower premium trends:

Large risk pool

The individual Medicare marketplace is in essence a very large risk pool, larger than any one employer, and is growing.

• There are over 40 million Medicare participants.
• Over 30 million people are enrolled in individual Medicare plans.
• 10,000 people will turn 65 every day for the next 17 years, totaling 80 million by 2030.
• Fewer than six million individuals are covered under employer-sponsored retiree medical, and that pool is shrinking while costs are increasing.

Guaranteed issue

Medicare is guaranteed issue so there is no adverse selection. Almost everyone joins the Medicare pool when they turn 65 — episodic, chronic and healthy — so risk is spread.

In the Medigap market, carriers compete on price

Medicare supplement plans are all standardized (e.g., Plan F is Plan F). Rates are set based on actuarial calculations, which will be figured differently by each carrier and result in different price points. In addition, carriers must file their rates every year with the state or federal government without knowing where their competition is setting premiums, which means they try to set rates that will match or undercut the price points of other carriers.

Federal subsidies

Carriers receive subsidies from the government to offset the cost of Medicare Advantage and Part D plans. In fact, Medicare Advantage reimbursements increased from 2011 to 2012 (based on quality ratings). And Original Medicare (Part A and Part B) is the biggest subsidy of all, covering 80% of every Medicare beneficiary’s costs.

Lower price trends

• 2013 Part D trends: According to the Centers for Medicare and Medicaid Services (CMS), premiums for a basic Medicare Part D plan have remained stable for the last four years.*
• 2013 Medicare Advantage trends: As per CMS, average monthly premiums for Medicare Advantage plans will increase by 4.7%, up from $31.12 in 2012 to $32.59 in 2013.**
• 2013 Medicare supplement trends: Between 2001 and 2010, the average annual increase in Medigap premiums was 3.8%.*** We are waiting for the 2011 and 2012 reports, and we expect the Medicare supplement trends for 2013 to be in the range of 5% to 10% (based on state and plan).

How It Works

It’s easy to transition your Medicare-eligible retirees from group health plans to private individual Medicare supplement plans that are purchased on our private exchange.

Financial Opportunity Analysis

We run the numbers, comparing current health care costs of your group plan, including projections of future costs under your existing model and the cost/benefit of transitioning to an individual model.

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Education and Communication
Together, we create an education strategy and campaign to communicate the advantages to your retirees. Onsite seminars and webinars explain the change, address concerns and walk them through the process.

Support and Guidance
We employ trained, licensed and appointed benefit advisors who stand ready to provide assistance and undivided attention to your retirees.

Powerful Tools, Empowered Retirees
Your retirees will access a state-of-the-art Medicare marketplace that includes thousands of vetted plans from more than 80 national and regional carriers. The industry’s most powerful decision-support tools will help them evaluate and choose from among the plans that best meet their needs.

Real-Time Reporting
You’ll be able to see how your retirees are doing as they enroll in new plans with BenefitView™, an online tool that gives you a view into the number of retirees contacted and enrolled, average call time, and plans selected.

Lifetime Advocacy
Our commitment doesn’t end after the transition. Our customer service team members step in to help troubleshoot any issues and act as tireless advocates on behalf of your retirees for the lifetime of our relationship.

Care for All, One Retiree at a Time
Benefit advisors are pivotal to our solution. Their mission is to ensure retiree customer satisfaction: The necessary time and patience are devoted to guaranteeing that retirees are confident they’ve made the right choice in their supplemental Medicare coverage. They are objective advocates, not incentivized to sell one carrier or plan type over another, and their compensation is never tied to the plan or carrier chosen by the retiree.

Once our comprehensive licensing requirements are met, qualified benefit advisor applicants are enrolled in OneExchange University, a six-week training curriculum that covers a wide range of topics, including sensitivity training, to help ensure that callers get the time, patience and understanding they deserve.

But our attention to our retiree customers doesn’t end there. OneExchange is committed to retiree advocacy prior to the transition and continues for the lifetime of the enrollee.

Our dedicated service team understands the importance of solving retiree problems and continues to go the extra mile after their enrollment. They make sure retirees are supported via multiple communication channels and, more importantly, are available to troubleshoot when enrollees have issues with their insurance carrier, Medicare, their HRA account, proving creditable coverage or anything else related to their health insurance. Our strong relationships with our carrier partners provide additional leverage to resolve issues quickly and effectively.

We invest heavily in training and coaching our benefit advisors so that retirees receive excellent service and feel confident about their choice of Medicare coverage. In fact, our post-enrollment surveys show that 95% of retirees are satisfied with the service they receive from OneExchange. While we are proud of that result, we will never stop working to achieve complete satisfaction among our retiree customers.

About Towers Watson
Towers Watson is a leading global professional services company that helps organizations improve performance through effective people, risk and financial management. With more than 14,000 associates around the world, we offer consulting, technology and solutions in the areas of benefits, talent management, rewards, and risk and capital management.