

2015 Medical Plan Proposal FAQ's

Q. What if someone retires prior to Jan. 1, 2015? What percentage would they pay for medical coverage during retirement?

A. The Commission will contribute the current percentage of the cost of retiree medical insurance premiums. Currently for calendar year 2014, premium sharing for these rate categories varies from a high of 57 percent of the premium paid by the Commission and 43 percent paid by the employee, to 40 percent paid by the Commission and 60 percent paid by the employee. Contributions are not based on years of service.

Q: When calculating the monthly premiums for medical insurance as a subscriber and spouse only, using the premium calculator at the MoDOT/MSHP Medical and Life Insurance website, if I retire before Jan. 1, 2015 my premium will be \$549.00. But, if I retire after Jan. 1, 2015 my premium will be less. Is this correct?

A: Due to the fact that the employer contribution will be based on years of service, if you cover dependents, it will be possible to qualify for a larger percentage contribution than what you may have qualified for if retiring prior to Jan. 1, 2015.

Q: The new plan you are proposing would actually be less expensive for me and my spouse if I am a retiree. How can you save money with a plan that pays more?

A: There are some potential retirees who may earn a greater contribution toward their dependent coverage if they elect to retire after Jan. 1, 2015. The number of those is relatively small compared to other enrollment categories. The earned percentage contribution cap is intended to be consistent among retirees, after Jan. 1, 2015, so it is established at 2 percent per year of service, regardless of the enrollment category.

Q. Why is there such a large drop in contribution rates for retirees beginning Jan. 1, 2015? Going from 80 percent to 50 percent or less seems very dramatic.

A. There seems to be a misperception regarding current funding for retirees. Current retirees do not receive an 80 percent contribution for any rate category. The most a retiree receives currently is 57 percent. The proposed plan would “cap” the Commission contribution toward the medical insurance premium amounts for retirees at 50 percent for those retiring on or after January 1, 2015. This percentage is based upon the total premium cost for the category of coverage in which the retiree is enrolled.

Q. Does the 50 percent cap apply to the retiree's medical premium only or does it cover 50 percent of both the retiree and the spouse's premium?

A. The 2 percent Commission contribution per year of service applies to the total premium for the level of coverage in which the retiree is enrolled. If a retiree is enrolled in retiree and spouse coverage, the percentage is applied to the total premium for that level of coverage.

Q. If an employee chooses the backdrop option; would the 2 percent per year of service include the back drop years?

A. Yes. For example, if an employee worked 25 years with the last two of those being backdrop years, the Commission contribution for years of service would be 50 percent (2 percent x 25 years).

Q. If an employee worked for another state agency and transferred those years of service to MoDOT to count towards their retirement, would those years of service at the other state agency be included in the 2 percent contribution?

A. Yes. If those years of service at another state agency are transferred and count towards your service at MoDOT for retirement, those years would be included in the 2 percent contribution.

Q. Would the 2 percent contribution be different for non-Medicare and Medicare members?

A. No, the percentage would be applied to the total premium for the enrollment category, regardless of participation in Medicare.

Q. In the proposed plan, active employees enrolled as a subscriber only for medical insurance would pay 20 percent of the premium cost, right?

A. Yes. Eighty percent of the cost of the premium would be paid by the Commission and 20 percent would be paid by the employee. For all categories, except employee-only, this is already in place today.

Q. Why is it that “subscriber only” and “subscriber and family”, for instance, paid different percentages of the total premium? Since the total premiums differ anyway, why did one group pay a different percentage? What has changed in the logic to make everyone pay 20 percent now?

A: For many years, there was no defined strategy to the amounts paid by subscribers of our plan for their premiums. Within the past seven years, we have been working to have a more thoughtful approach to how contributions are provided by the Commission. The Special Committee of active employees and retirees of both MoDOT and the MSHP agreed that each active employee rate category should be 80 percent employer/20 percent employee, and that is what was presented to the Commission. This strategy is intended to keep premium amounts affordable for employees, while enhancing sustainability of the rate categories.

Q. How would these proposed changes affect employee retirement benefits?

A. The proposed plan deals exclusively with the Commission contribution for medical insurance premiums for active and retired employees. It does not in any way affect the retirement (pension) benefit of any employee.

Q. How would these proposed changes affect employee life insurance benefits?

A. The proposed plan deals exclusively with the Commission contribution for medical insurance premiums for active and retired employees. It does not in any way affect employee life insurance benefits. The Commission provides a basic life insurance policy for active employees, which is paid in full by the Commission. Retirees are not eligible for basic life insurance.

Q: Will these percentages ever change in the future?

A: Given the financial challenges facing the Commission, there are no guarantees that these percentages will not be revised in future years. The current proposal is designed to strike a balance between providing a contribution the employer can afford and the higher employer contribution we recognize employees and retirees would like to have.

Q: The overview document lists one of the issues being addressed as “each medical plan category should be self-sustaining” and that it is “in the process of implementation”. How much of each retiree category is currently being subsidized? When will the implementation be complete?

A: Rate categories in the “Non-Medicare retiree” group are currently being subsidized by approximately 14 percent by both active employees and Medicare retirees. Our medical plan board of trustees has recommended, and the Commission has approved, additional out-of-pocket premium for these rate categories for the past few years. For 2014, the rates in this category were increased by 6 percent, while the total premium rates were not increased for the other two groups. The intent is to resolve this differential by the end of calendar year 2017 by increasing premium for “Non-Medicare retirees” as necessary.

Q: Has the Commission or MoDOT considered offering a high deductible HSA plan? As a young, healthy individual, I would much prefer an option where I can save for medical expenses pre-tax, but still have a deductible in the event that a serious medical expense occurs. I realize that this type of plan would not benefit all employees, especially those with families who benefit from co-pay, but I am confident that it would bring down the overall cost of healthcare to the Commission/MoDOT.

A: Our medical plan board, and staff from both MoDOT and the MSHP, has been considering this option for the past few years. The offering of a high deductible health plan, with a health savings account will continue to be seriously considered as an option.

Q: Are the categories (subscriber only, subscriber and spouse, subscriber and one child, subscriber and two children, and subscriber and family) dictated by Coventry, or does MoDOT make these groups? Has research been done on optimal number of groups to ensure each person is actually paying a logical premium? Example: is it logical for a 20 year old to pay the same subscriber only rate as a 70 year old? If it is beneficial to have the five groups currently in place, wouldn't it be more beneficial to set up additional groups that better match a persons' insurance risk?

A: Our medical plan board of trustees determines the rate categories, with no input from Coventry. The board works with an actuary to review the appropriateness of the rate categories and recommends overall plan funding levels to the Commission. These are reviewed annually to determine whether the rate categories offered are cost effective for the plan and subscribers. Our medical plan board is made up of active employees and retirees of both MoDOT and the MSHP. The MoDOT Director and MSHP Superintendent nominate members of the board to the Commission for approval.