

**Frequently Asked Questions  
Regarding the Opportunity to Switch from  
Medicare Supplement Plan to Medicare Carve-Out Plan  
November 1, 2007**

**Question 1:** Why is DePaul again offering the opportunity to change to the Carve-out Plan?

**Response:** While many retirees switched from the Medicare Supplement Plan into the Carve-out Plan when they were first given the opportunity in 2005, most did not. Since that time, some retirees have found that the Medicare Supplement Plan does not meet their needs and as a result, HR has received requests from Medicare Supplement Plan participants to provide another opportunity to make a plan change. In response, HR checked with the actuaries responsible for projecting retiree medical expenses and they indicated that we could allow a final change opportunity without adversely affecting the university's long-term retiree medical liability (FAS106). Recognizing the importance of this decision and complexity of the issues, HR consented to allowing a final change opportunity.

**Question 2:** Why was the retiree lifetime maximum for the Medicare Supplement Plan reduced to \$100,000 from \$1,000,000 in 2002?

**Response:** This decision was made as part of the Board's mandate to control benefits costs. Over the years, DePaul, like all employers, has faced skyrocketing health insurance costs and has had to make difficult decisions in order to structure sustainable benefits for its employees and former employees. Unfortunately, at the time this decision was made, the then HR administration failed to inform retirees of this change. In 2005, when a subsequent HR administration realized this lapse, retirees did receive notification.

**Question 3:** When does the accumulation of the maximum lifetime benefit begin for the Medicare Supplement Plan and what constitutes the benefits that are accumulated?

**Response:** Unfortunately, some participants received erroneous information regarding this particular issue. The correct answer is that the accumulation of expenses toward the lifetime maximum begins at the time of initial participation in the Medicare Supplement Plan. Individuals are not eligible for the Supplement Plan until they are retired and have attained the age of 65. Expenses that fall under the classification of "major medical" as defined in the Summary Plan Description (pages 21 – 22), constitute the benefits that are accumulated (refer to the enclosed Medicare Supplement Plan Summary of Basic and Major Medical Benefits). Note that the Medicare Supplement Plan is not available to faculty and staff who retire on or after July 1, 2004.

**Question 4:** What happens when retirees hit the lifetime maximum and they are in the Medicare Supplement Plan?

**Response:** Retirees who are in the Medicare Supplement and reach the \$100,000 lifetime maximum benefit under the major medical portion of the plan will no longer receive major medical benefits. There is no automatic transfer to any other plan.

**Question 5:** How can I contact Blue Cross Blue Shield to get an answer about my lifetime accumulation?

**Response:** In the annual enrollment material that was sent to retirees last month, the Blue Cross Blue Shield phone number, (800) 458-6024, was provided in order for retirees to have their specific questions answered regarding the supplement and carve-out plans.

When calling Blue Cross Blue Shield to obtain accumulation information (using the above-mention number), make sure to:

- Indicate that you are a DePaul University retiree in the Medicare Supplement Plan. Letting the representative know that you are in the Supplement Plan is important since it is a rather antiquated type of plan and not all of the representatives will be familiar with its provisions. They may need to refer you to another representative who is familiar with these types of plans.
- Tell the representative you want to know the dollar amount that has accumulated against the \$100,000 major medical lifetime maximum. Let them know that you are only interested in the accumulation since the time you started in the Medicare Supplement Plan and this should not include any expenses you incurred in the Traditional Plan as an active employee or as a pre-age 65 retiree.

**Question 6:** What are the statistics on reaching the maximum lifetime benefit at DePaul and what illnesses and conditions contributed most to reaching the lifetime cap?

**Response:** Blue Cross Blue Shield has not yet been able to provide these statistics for us. However, we are only familiar with a couple of cases of the lifetime maximum being reached. For many retirees, the \$100,000 cap may be sufficient. However, if a retiree experiences certain circumstances, the maximum could be reached quite rapidly. One possible scenario for exceeding the lifetime maximum is if a person is hospitalized for an extended period of time. Calculating the maximum number of days Medicare covers is fairly complicated, but for the basic benefit under Medicare, inpatient hospital care is normally limited to 90 days during a benefit period. In addition, the Basic portion of the Supplement Plan pays for up to 120 inpatient hospital days, which includes those days covered by Medicare. Therefore, if Medicare stops paying and you exceed 120 days, the entire cost of the additional days would be paid by the Major Medical portion of the Medicare Supplement Plan and the lifetime maximum could be reached very quickly.

response to question 6, continued...

Also, Medicare could change in the future leaving Supplement Plans to shoulder an even greater amount of retiree medical expenses. This could result in it being more common that the lifetime maximum is reached. That being said, there is no one right or wrong answer. Each retiree must assess whether to stay in the Medical Supplement Plan or change to Medicare Carve-out Plan based on his/her own individual medical, financial, and other insurance coverage circumstances.

**Question 7:** What are the intentions of DePaul to offer the opportunity to switch from the Medicare Supplement Plan to the Carve-out Plan in the future?

**Response:** DePaul University cannot offer this opportunity again. Should a retiree who retains the Medicare Supplement Plan reach the lifetime maximum benefit, he or she will not receive any additional major medical benefits under the plan and will not be able to transfer to the Carve-out Plan in order to have their unpaid major medical costs covered. They will be personally responsible for paying any future major medical costs they incur under the Medicare Supplement Plan.