The DePaul Carve-out Retiree Medical Plan ("Plan") provides medical coverage (including prescription drug) to eligible retirees. The plan, which is designed to integrate with Medicare, considers Medicare as the primary payor and the Carve-out Retiree Medical Plan as the secondary payor. Generally, coverage for the carve-out approach mirrors the benefits coverage provided to active employees after the portion of the charges that Medicare pays are included.

Who Is Eligible For DePaul’s Retiree Medical Plan?
An active full-time employee enrolled in a DePaul sponsored medical plan on the date of retirement will be eligible to enroll in the retiree medical benefits provided he is at least age 55 with 20 years of service, or at least age 62 with 10 years of service at the time of retirement. For the purpose of determining retiree medical eligibility, the university will utilize cumulative full-time service and the employee’s grandfathering status.

How Does The DePaul Carve-out Retiree Medical Plan Coordinate With Medicare?
Medicare is a federal health insurance program for persons age 65 or older, persons of any age with permanent kidney failure and certain disabled persons.

Medicare consists of Hospital Insurance protection (Part A) and Medical Insurance protection (Part B).

Medicare carve-out is a method for integrating Medicare with an employer’s retiree medical plan for retirees age 65 and over.

Under a Medicare carve-out arrangement, Blue Cross Blue Shield (BCBS), as the plan administrator, reviews what the university retiree medical plan would have paid if it were primary, and then compares the payment to what Medicare already paid. The carve-out approach, in effect “carves out” the payments made by Medicare.

If the claim calculation results are the same or lower than the amount Medicare paid as primary insurer, the plan would not pay any benefits for that claim. If the results are higher, the plan will pay the remainder of what Medicare did not pay up to the amount DePaul would have paid if as the primary insurer.

For full-time faculty and staff retiring on or after July 1, 2004, and not yet eligible for Medicare, the university will enroll you in the Medicare Carve-out Plan upon meeting Medicare’s eligibility.
**How Are Payments Calculated Under The Carve-out Approach?**

The PPO column is an example of how benefits are paid under the PPO plan if you remain an active employee.

The Medicare Carve-out column is an example of the Medicare Carve-out approach. It also assumes that you are a Medicare-eligible retiree who incurs a $3,181.00 medical bill and the Medicare $162 deductible has already been met for the medical services. In the carve-out approach, BCBS first calculates its payment as if the retiree only has the university’s retiree medical coverage. Then, BCBS compares its payment to what Medicare would have paid as the primary carrier. In this example, BCBS would have paid $722.66; however, Medicare is already paying $882.66. Because the Medicare payment exceeds the amount BCBS would have paid on a stand-alone basis, the BCBS plan pays nothing in this case. The retiree pays $220.66.

The above examples are based on an actual claim processed by BCBS. Benefits under the retiree plan may differ due to the deductible amount, plan limitations and Medicare’s eligible charges.

Please note that these are simplified examples. For a more comprehensive description of plan payments, see the Medical Plan for Retirees Age 65 and Over Summary Plan Description (SPD). The carve-out plan pays benefits that coordinate with both Medicare Parts A and B. Therefore, retirees must enroll in both Part A and B in order to receive the maximum level of reimbursement. For more information regarding Medicare, go to cms.gov/home/medicare.asp.
How Does Cost-Sharing Work Under DePaul’s Retiree Medical Plan?

Employees who meet the eligibility requirements for the retiree medical plan must share the cost of premiums when they start receiving the benefit. The extent to which a retiree must share in the premium cost depends on years of service as follows:

All employees of the university who were hired on or before April 1, 2006, into a full-time faculty or staff position or have an official offer letter for a full-time faculty or staff position dated on or before April 1, 2006, are eligible for subsidized retiree medical benefits. Furthermore, those who meet the grandfather criteria below have access to subsidized retiree medical benefits in accord with the grandfathering provisions.

Category 5 grandfathered employees receive a flat-dollar subsidy. Employees pay the difference between the cost of coverage and the flat-dollar subsidy amount paid by DePaul.

The flat-dollar subsidy paid by the university was initially set at 80 percent of the full premium amount as of July 1, 2004, for all retiree medical plans. Each year, that amount was increased by the greater of the CPI or weighted DePaul University tuition increase.

Beginning in 2013, if the percentage increase in the full premium amount for the year is less than the greater of the percentage increase in the CPI or the weighted DePaul University tuition increase then the percentage change in the full premium amount (whether positive or negative) will be applied equally to the premium paid by you and by DePaul.

Any new faculty or staff employee acquiring a full-time position after April 1, 2006, will not receive the university subsidy upon meeting the retiree medical plan eligibility requirements and beginning participation in the retiree medical plan unless his or her official offer letter of full-time employment is dated on or before April 1, 2006.

Employees hired after April 1, 2006, and without an official offer letter dated on or before April 1, 2006, will retain access to the retiree medical plan upon meeting the above-mentioned plan eligibility requirements, but will be responsible for 100 percent of the premium expense for the plan.

An employee who is rehired into a full-time position with previous full-time employment on or before April 1, 2006, will be eligible for the university subsidy upon meeting the requirements for retiree medical benefits.

Any part-time faculty or staff employee (or student employee) acquiring a full-time position after April 1, 2006, must have an offer letter for the full-time position dated on or before April 1, 2006, in order to be eligible for university subsidized retiree medical benefits. Such employees without an offer letter dated on or before April 1, 2006, will retain access to the retiree medical plan upon meeting plan eligibility requirements, but will be responsible for 100 percent of the premium expense for the plan.
GRANDFATHERING PROVISIONS

Regardless of the grandfathering provisions, retiree medical plan eligibility must be met: all active full-time employees who are age 55 with 20 years of cumulative full-time service, or age 62 with 10 years of cumulative full-time service at the time of retirement, and enrolled in a DePaul-sponsored medical plan at the time of retirement.

<table>
<thead>
<tr>
<th>Category 1</th>
<th>Category 2</th>
<th>Category 3</th>
<th>Category 4</th>
<th>Category 5</th>
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<tbody>
<tr>
<td>All active full-time faculty and staff who retired before 7/1/04</td>
<td>Active full-time faculty and staff who were active as of 7/1/04 and also met the eligibility criteria for the retiree medical plans as of 7/1/04</td>
<td>Active full-time faculty and staff who were eligible for retiree medical by 7/1/09 and were hired before 1/1/94</td>
<td>Active full-time faculty and staff who had 20 years of service as of 7/1/04 but do not meet the age requirement for the retiree medical plan</td>
<td>All active full-time faculty and staff who were hired on/or before April 1, 2006 or have an official offer letter for a full-time faculty or staff position dated on/or before April 1, 2006, AND are not grandfathered under categories 1-4. (Includes rehires after 4/1/06 with original full-time employment prior to 4/2/06.)</td>
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Effective January 1, 2004, the university discontinued the $2,000 life transition benefit and the service gift check. Effective January 1, 2011, the university discontinued the Medicare Supplement Plan.

Medicare Part D

Since the DePaul Plan covers prescription drug benefits, retirees who enroll in Medicare Part D will not be allowed to participate in the DePaul University retiree medical plan.

The university reserves the right to make future changes to the retiree medical plan as needed to ensure long-term viability of the plan. For more information, refer to the Medical Plan for Retirees Age 65 and Older Summary Plan Description (SPD). For an individual appointment to discuss your options, please call (312) 362-8232.