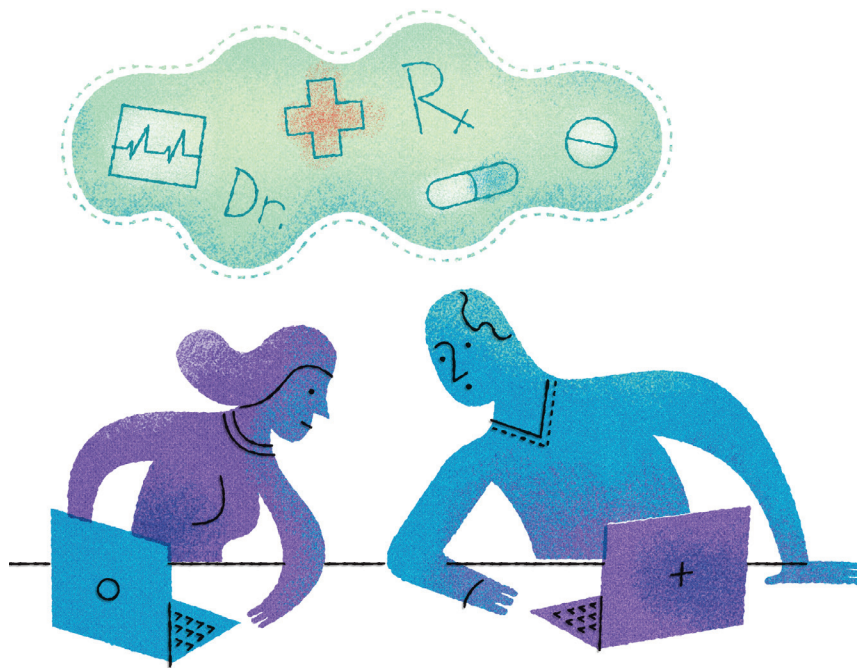


## HR Technology

### Help Retirees Manage Health Coverage

Web-based tools allow retirees to compare plans and costs.



By Dave Zielinski

**W**hen Julia Nicholson moved the health insurance enrollment for her organization's retired employees from paper to an online process, the goal wasn't just to eliminate the headaches and associated costs of managing 60,000 paper forms and documents.

Nicholson, director of health and welfare services for United Food and Commercial Workers International Union & Employers Trust LLC in Walnut Creek, Calif., wanted to make it easier for retirees—former grocery store employees—to use decision support tools embedded in software from Benefitfocus of Charleston, S.C. The technology, which is part of benefits-related services negotiated in a collective bargaining agreement, assists retirees and their dependents in making critical health care coverage decisions.

Nicholson was impressed by how quickly the union's retiree members adapted to the Web-based enrollment process. "We offered a telephone enrollment option as an alternative but were surprised at the numbers who used the online option," she says.

The union had a 98 percent completion rate during its 15-day enrollment period. Retirees enrolled on the organization's website, using educational videos and useful links to guide them through health care coverage decisions.

A "Plan Shopping" app, for example, allows users to evaluate health plans side by side, with calculations to determine premiums or projected out-of-pocket costs. Out-of-pocket costs can weigh heavily in the selection of plans such as Medicare Advantage—the "Part C" plans offered by private companies that contract with Medicare—where there are often reduced or no additional premiums. Retirees use the app to help determine if they'll receive sufficient prescription drug coverage or other ancillary medical services under those plans.

Such online tools can also show retirees and near-retirees what their plan usage was in a preceding year, then project how that usage might affect out-of-pocket costs based on different plans available in the next enrollment period.

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The cloud-based software also features decision support “avatars” that guide retirees through benefits selection. At decision points, for example, an avatar might say, “Here is what you want to do next” or might provide other guidance.

Another tool enables users to compare prices for prescription drugs. “That helps our retirees identify lower-cost drugs if they are indifferent to using a generic brand,” Nicholson says.

Retirees are also able to see their current benefits election and claims information, and they can change their contact information, search for health providers and more. “The platform allows us to do most of the things we would want to do if we could sit down and talk with each of our members individually, which, of course, is time- and cost-prohibitive,” Nicholson says.

Online tools have made retirees better educated about, and more engaged in, their health care options, she adds.

### Assessing Options

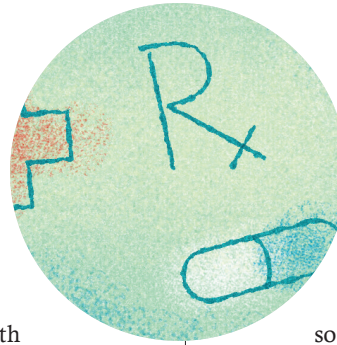
With more employees turning 65 every day, and fewer organizations offering retirees medical insurance, HR benefits administrators are looking for help in transitioning active employees to individual health insurance plans. For employers that subsidize retiree health care insurance, decision support tools for retirees are generally part of a broader array of benefits services and are not stand-alone products.

The stakes are high for retirees making health insurance coverage decisions, given the rising costs of medical care and longer life spans. A 65-year-old couple with supplemental Medicare coverage would need \$227,000 to have a 75 percent chance of covering their health insurance premiums for their lifetime and other out-of-pocket medical costs if they retired after 2012, according to a study from the Employee Benefit Research Institute. That sum rises for those with above-average prescription drug needs.

While many organizations are looking to reduce or eliminate retiree medical expenses, most don’t want to step back completely, says Christi Wise, a senior vice president with Fidelity Investments in Boston. Fidelity recently

partnered with Extend Health of San Mateo, Calif., to enhance health care guidance for its clients’ retirees.

Most employers “want to give their active employees some good choices about health insurance and supplemental Medicare plans as they transition to retirement,” Wise says. “Knowing that you have some predictable health care



book, chief business innovation officer at San Francisco-based Appirio. “But now with self-service technologies and Web portals, HR leaders are looking at what they can offer retirees so they can serve themselves, and so retirees no longer have to worry about long response times.”

While benefits administrators may have to give higher priority to the needs

## Retirees can use online modeling tools to compare potential medical costs under different plans.

costs is a crucial part of retiring with confidence.”

Rhonda Marcucci, founder and owner of Gruppo Marcucci, a Chicago-based consulting firm, says more companies in the private Medicare exchange market are offering Web-based tools to help retirees narrow their health insurance options and project prescription drug costs. Client fees to use these technology platforms or cloud-based software are usually built into overall administrative costs or commissions for such programs, Marcucci says, but typically run about \$1 per employee per month.

While these online tools can provide retirees guidance and reduce HR’s administrative support burdens, Marcucci has found that many retirees still want phone contact. “Even if an online tool is user-friendly, many times people in this generation still like to talk to someone for advice,” she says. “Choices like determining which supplemental Medicare policies to buy aren’t minor decisions. This is a big change for retirees, many of whom have been taken care of by their company-sponsored health plans for a long time.”

### Personal Service

Not long ago, retirees “had to call or e-mail HR to take care of their health care insurance needs,” says Jason Aver-

of their active employees rather than retirees, that is changing, Averbrook says, as more organizations seek to lure retirees back to the workplace in part-time or full-time roles. “Organizations today care more about what their retirees think,” he says. That translates to a desire to provide better service around health insurance.

Averbrook recommends that companies consider creating internal social networks for retirees to help them become more educated and improve their health and wellness. “These networks allow retirees to share where they get the best coverage and who are the best physicians, or to swap best-practices tips around wellness or diet,” he says.

### Decision Support

Dan Cahill, vice president of market services for Xerox HR Services in Cincinnati, says online technologies help organizations deliver quality service to retiree populations in defined contribution health plans. Under these plans, employers give each employee a fixed dollar amount to spend however he or she chooses.

His company provides Medicare-based insurance products for employers looking to outsource retiree health administration. Corporate leaders “think they can move retirees to the individual plan market, wave a magic

wand and life is suddenly great for them. But it's more complicated than that," Cahill says.

Among its offerings, Xerox HR Services has an RHA Exchange. It provides retirees of client organizations with Web-based decision support tools to help them evaluate available Medicare options. When considering Medicare Advantage plans, Medigap, prescription drug plans, dental plans and more, retirees can access online modeling tools to compare potential costs under different plans in their respective locations. "If they're in a market with a large number of health plan offerings, users can rank plans by lowest cost or quality of care," Cahill says.

Using a Web portal, retirees and employees can create scenarios based on their health status and access their most recent prescription drug information. To reorder drugs, Cahill says, they can see what they need online but can also order by phone. Pop-up screens alert users when a generic drug might be available.

The portal also allows users to make cost projections and plan comparisons based on health status. "Maybe they were very healthy last year, but this year they're thinking about having heart surgery," Cahill says. "Retirees can look at

different scenarios or drug costs to see what the fees might be or kinds of coverage they need and see how their health costs might fluctuate over the year, which is a big concern for fixed-income individuals."

## High-Tech, High-Touch

In partnership with Extend Health, Fidelity Investments will provide clients with online tools that help employees determine whether they are in a financial position to retire and how to supplement Medicare coverage once in retirement, Wise says.

"This is such a big decision for people that they usually not only want to use self-service tools to model plan costs, but much of the time when it concerns Medicare's supplemental products, they also are phoning a call center," Wise says.

Fidelity's platform uses age-based triggers to send employees information about health insurance options in the lead-up to retirement, Wise says. "That outreach is meant to reach them at the same time they're getting communication from Medicare and also when it's time to start considering options

## Online Resources

For more information about offering online tools to help retirees manage their medical benefits, see the online version of this article at [www.shrm.org/0513-retiree-medical-benefits](http://www.shrm.org/0513-retiree-medical-benefits).

in using any employer-sponsored benefits," she says.

Once plan choices are made, links embedded in e-mail communi-

cations can direct retirees to electronic modeling tools or cost estimators to help project income and health care expenses in retirement. If retirees have questions, they can use live chat features to receive guidance from experts.

"We help people think through the best way to cover expenses in retirement," Wise says. "Maybe they want to use a health savings account to pay for premiums for supplemental plans. Or, if an employer is subsidizing coverage, oftentimes a reimbursement account is created, and we can establish a payment process."

Yet many HR professionals whose companies have Web-based tools also elect to keep "high-touch" technology intact by offering phone services and hard-copy documents. United Food and Commercial Workers International Union & Employers Trust, for example, still backs up online beneficiary changes with paper documents. ■