

TESTIMONY TO
COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

Beverley H. Johns

October 23, 2013

Confusion, misinformation, and fear run rampant among my colleagues as a result of the proposed changes to the health insurance of those of us who chose to devote our careers to the education of children within this state. We worked many years for not the best wages and counted on our retirement plan and health insurance when we left the system. Some of us worked extra jobs in order to get enough social security to get medicare. Because we paid into the teacher retirement system we are only eligible for part of our social security and now we learn that we are going to lose our medicare because the state of Illinois used our retirement funds to pay for other priorities. Educators are being blamed for all the fiscal problems in Illinois.

Now educators are facing a vastly reduced cost of living allowance and their health insurance is becoming very complicated.

Because I have my husband on my insurance, I received a letter, that is a four page legal size document, from HMS Employer Solutions, a private company in Jeffersonville, Indiana. Even though I am originally from that area in Indiana, I didn't know whether it was legitimate. I contacted someone from the IRTA and they didn't know anything about a letter from out of state. This four page document said that I was to send a tax transcript (not the front page of my federal tax return which others thought was sufficient), and a required additional document which could be a bank statement that must have my name and my husband's name, or a copy of my property tax bill that must have my name and

my husband's name on it. What do people do if they don't have joint bank accounts or don't have a house in both of their names. I questioned under what authority an out of state firm had to such personal information. This four page letter states you are not to call CMS or the Teacher Retirement System but you are only to contact HMS in Indiana. As a result, I contacted the Attorney General's office to see if this was a legitimate request or whether it was a scam. I finally learned that it was legitimate. I called another state agency who told me if I checked the CMS website I would know this was okay. While I use the internet often, I don't typically cruise the CMS website and I don't know too many retirees that do. Illinois had contracted with a private firm out of the state of Illinois to do an audit on those of us who have dependents on our insurance. When this state needs jobs and we are hurting for money why are we sending money out of the state for a task that certainly should be able to be done within Illinois.

A number of people I know simply sent the front page of their tax return; only to find out that was insufficient.

Accessibility for the elderly is a major concern of mine. What will an 85 year old person do when they receive this kind of complicated letter? While I am fairly tech savvy, what about elderly people who do not have a computer or if they have a computer they would not understand what needed to be done. In order to get a transcript during the federal shutdown, it took me two days to complete the information correctly online. I was filling in our address the way it is on the tax statement only to learn that the computer system would not take it that way.

This scheme is ripe for identity fraud. Information can be faxed but yet who knows who is on the other end of the fax to take the information.

Why are people being put through this elaborate and complex process? I ask the question about whether it is to detect fraud or is it an attempt to cut off some senior citizens. If people got the information and thought it was a scam, they may not have completed it; therefore they lose their dependent's health insurance. If someone does not have access to all of the information and does

not make the deadline, they lose their dependent's health insurance. If they complete it incorrectly, they lose their dependent's health insurance.

We have now received notification online from organizations about the new health care that takes away our Medicare as we know it and we now will have a period of time to study and research different Medicare Advantage plans. Medicare Advantage is very different than original Medicare. What about elderly individuals who again don't know what is happening because they don't have internet. We are all awaiting the official letter we are supposed to get from CMS about our choices to replace our Medicare. All of these insurance plans are confusing to people who are older and don't have someone who is knowledgeable about the intricacies of health insurance. After all, they thought they would always have Medicare. If they don't make the choice within the short timeframe, they again will lose their health insurance.

I ask that you provide clear options, accurate information, and quit creating barriers for the elderly. Let senior citizens live our lives in peace. We didn't create these problems; retired teachers never have had free health insurance and we pay over 75% of the cost of my husband's health insurance. We paid for our retirement with deductions from every paycheck and now people blame us for the fiscal problems of the state.

Tom Swaik
Retiree

Medicare eligible State of Illinois retirees are having their coverage altered again in less than 6 months from the last change. This is a measure to be in violation of Retirement Contracts. Attempting to save money, Illinois has decided that Retirees, having fulfilled years of obligations to the State, should be the source of the savings. Retirees have not received notice from CMS or their Union concerning these changes. Contrary to CMS comments, mailings have been sporadic and inconsistent and were not sent to everyone (even the Dependent Audit requiring IRS certification did not go to all members). The primary references have been published in the local Newspapers.

This is a huge problem for Retirees that are traveling or Snowbirds out of State. Without access to local Newspapers, they are unaware that coverage is being changed and they are in jeopardy of losing their Medicare Supplemental Insurance entirely. As we all know, continuous Insurance is critical. A lapse in coverage can dramatically alter the Retirees ability to review, enroll, be eligible or afford a new policy. Additionally, there is no mention of a Medicare eligible member who has non-Medicare eligible dependents – do they lose their Insurance?

There have been references to Illinois wanting to shift these members to a Medicare Advantage “Like” or Medigap plan with the same benefits and comparable premiums to the current plan. This did not happen. Newspapers are indicating no Medigap plan and new plan is primarily HMO. The Plans offered can result in Retirees losing their freedom of choice they currently have under Plans such as Quality Care.

To be clear, research indicates that members in Medicare Advantage are pulled out of Medicare and Medicare Supplement plans and obtain their coverage through one single program – Medicare Advantage. Medicare Advantage is a Federal program and cannot be instituted by the State or Private sector as a “supplement”. Medicare Advantage works well for many participants, but it’s not the choice for all.

Based on a news article, Illinois appears to be moving to shift Retirees out of Medicare and Supplemental State Insurance straight to a federally funded Medicare Advantage program. One significant problem is that under ObamaCare/Affordable Care Act, the Medicare Advantage program is to be phased out over the next couple years. Therefore, Illinois is moving people into a program soon to be obsolete and discontinued. So, what do they intend to do with all the Retirees that end up with no Insurance in the near future? Recently, in Connecticut, over 1000 Primary Physicians, Specialits and Health Care providers were eliminated from the Medicare Advantage plan. There is some speculation that this is a “test” run on the beginning of the elimination of this program.

Normal State of Illinois open enrollments are in the Spring for a 30 day period with changes effective July 1. In July 2013, premiums and benefits were changed, but to date, CMS has not provided the normal Booklets to ourtine the new provisions. Now, less than 6 months later, another change is being undertaken on Retirees only, with an extremely short open enrollment period consider there is a Holiday. It should be noted that Private Sector Medicare Supplement has an open enrollment during October, so the CMS period does not coincide, further complicating the Retirees problem. Anyone not

responding will be dropped completely. Certainly, this is a daunting challenge if Retirees are not fully informed and have the privilege to review plans and premiums.

There has been a suggestion that Retirees can opt out of the States Medicare Advantage if they provide proof they've secured a Private Sector Medicare Supplement Plan (why would they need to prove this to the State)? This is a daunting task as researching and apply for other coverage can often take 90 days before approval and acceptance. What exactly do the older Retirees in their 80s or 90s do? Chances are slim that they can secure other coverage and therefore run the risk of having programs physicians, coverage and premiums changed significantly.



October 23, 2013

MAY IT PLEASE THE COMMISSION:

My name is David Stevens, and I reside in Charleston, Coles County; Senator Rose is familiar with our town. He used to represent us when he was in the General Assembly, and we saw him act in a play at Eastern Illinois University just a few years ago. We are forty-five miles south of Champaign-Urbana; thirty miles north of Effingham; two hours east of St. Louis; two hours west of Indianapolis; and over three hours south of Chicago. We live almost literally in the middle of a cornfield.

I am a SURS annuitant, as is my wife Carol D. Stevens. I am also an attorney licensed to practice in the State of Illinois. We are both members of SUAA, although we neither represent nor speak for that fine organization. We both have Medicare, earned through work for non-State employers, and we both currently have Cigna Quality Care through CMS as our Medicare Supplement. Quality Care includes our prescription coverage, dental coverage (for which we pay extra every month), and eyecare coverage. Carol pays 1% of her SURS annuity for this coverage (in addition to paying for Medicare from her significantly reduced Social Security), and I am covered as her dependent at the current rate of \$142.00 per month (plus paying for my Medicare from my reduced Social Security). That rate would be reduced for the moment under the current plan. You will recall that membership in a state pension plan significantly reduces social security benefits earned in the private sector, although private pensions do not. Carol's rate was projected to rise to 2% of her annuity next year, but the most recent information from CMS indicates that no raise in price is currently scheduled, perhaps because this matter is currently under judicial review. If I were Carol's dependent and not on Medicare she could keep her current coverage and everything would be fine. But I am on Medicare. If we lived outside the State of Illinois she could keep her coverage and everything would be fine. But we do not.

Of course, Carol was promised that her health care coverage would be free for life if she served the State for 20 years, which she did. Nonetheless, we will pay our fair share if the Illinois Supreme Court says we must.

Now CMS has mandated that in order to keep the State of Illinois Medicare Supplement, which we earned with 38 years of service, we must join one of four Medicare Advantage plans. If we do not choose one of these plans, we will lose our state health insurance package, including our dental and eyecare coverage. This involves trading our Medicare coverage for private coverage that the State of Illinois hopes will save \$100,000,000. How will it save this money? By eliminating many from the system, and by taking in more and by paying out less. So the State saves some money, private insurance companies make huge profits, and we the retirees get the shaft.

Here's one reason why. There are exactly four plans to choose from: Humana Health Plan (HMO); Humana Benefit Plan (HMO for Livingston and Knox Counties only); United Healthcare (PPO, nationwide); and Aetna Life Insurance (HMO). Neither Humana Health Plan has any affiliated physicians or hospitals within 15 miles of Charleston, so our choice is limited to the Aetna Life Insurance HMO or the United Healthcare PPO.

The good news is that there are about 25 family practice physicians associated with these plans within 15 miles of Charleston, and our local hospital (Sarah Bush Lincoln Health Center) is part of both networks. The bad news is that not all local physicians are part of both networks, and in particular Carol's family practice physician, whom she trusts and with whom she has treated for many years, is not part of the Aetna network. So we face the unpalatable choice of joining a Medicare Advantage PPO, which we do not want; Carol changing doctors; or staying on Medicare and getting unceremoniously tossed out of the State plan. This is not how we are supposed to be spending our retirement years. Thousands if not hundreds of thousands of downstate Illinois residents who depend on the State of Illinois for their Medicare Supplement are in the same boat.

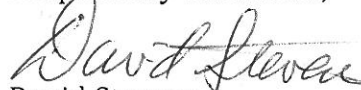
There are many unanswered questions about Medicare Advantage plans in general and about the choices CMS has made in particular. There are often much higher costs to the insured if medical care is sought out of network, while on a trip for example. With Medicare this is not a consideration. In order to see a specialist there must often be a referral from a gatekeeper; with Medicare this is not a consideration. Payment for emergency care may be denied without prior network approval; with Medicare this is not a consideration. Private insurance companies change coverages, co-pays, and deductibles frequently; with Medicare this is not a consideration. Complex procedures such as transplants must be approved by a private insurance company, whose primary purpose is to make a profit for shareholders; with Medicare this is not a consideration. All of the proposed Medicare Advantage plans use Medicare Part D for prescription coverage; these are notoriously limited only to medications on a list, and an insured must scrutinize the list carefully to see that his or her current medications are included and prophesy what medications he or she might need in the future. This is not a problem with the current state plan. There are grave doubts in my mind whether a private Medicare Advantage HMO or PPO plan is right for my family.

And yet CMS in its infinite wisdom has taken that decision out of our hands. It has dictated the course we must take, or forfeit the healthcare coverage we have earned. CMS knows full well that rejecting its forced choice will double or even triple our costs; we would have to seek private Medicare Supplements, dental and eyecare coverage, and prescription coverage. It does not care. Just as the federal government significantly reduces the social security benefits we have earned, the Illinois government now wants to take away the Medicare we have earned, or if we keep it take away our crucial prescription, dental, and eyecare coverage. It is not fair and it is not right.

All we are asking for is a choice. Give us the option to keep our Medicare coverage if we wish, and provide the equivalent to Cigna Quality Care as our supplement with dental, prescription, and eyecare coverage. If a Medicare Advantage plan is so superior, most people will choose it anyway. Let the market decide. But give us a choice.

Thank you very much for the opportunity to make my views known here this morning. At this time I will be pleased to answer any questions you may have.

Respectfully submitted,


David Stevens

Commission on Government Forecasting & Accountability
703 Stratton Ofc. Bldg.
Springfield, IL.62706
October 18, 2013

Mr. Dan Long and members of CGFA

Having noticed the agenda of the COGFA hearing scheduled for October 23, 2013 relates to retirees' Health Insurance, I wish to once again relate some major concerns.

Many "downstate" teachers who retired in 2004 were required to notify TRS , a year or two in advance that they were to retire in 2004. One month after we retired there was a TRS buy into Medicare Plan, which began on July 1, 2004. We were not able to take advantage of that opportunity. That information was not given to us in 2002 -2003. Without Medicare we do not qualify for secondary health insurance.

According to a recent FOIA request of the Comptroller's Office, there are 605 of us who do not have the needed 40 quarters for Social Security/Medicare , and who made the choice to continue to reside IN Illinois since 2004, have been charged more than \$ 59,900 for single coverage health insurance premiums with the State self-insured CIGNA plan.

At the same time those retirees, age 65+ enrolled in the very same CIGNA Health Insurance Plan, but made the choice to move OUT of the State of Illinois have been charged 1/2 the cost for their premiums \$29,000 +.

According to the recent CMS notification retirees age 65+, without Medicare who make the choice to reside IN Illinois 2013 - 2014 pay a monthly premium of **\$719.96** for their CIGNA health insurance. At the same time, the retirees age 65+, without Medicare who make the choice to live OUT of Illinois, are charged **\$359.99** a month for the very same health insurance coverage using the CIGNA network of Doctors etc.

Some of us reside IN the school districts from which we retired and have been charged disproportionate (double) premiums due to making the choice to continue to reside IN that Illinois School District.

As you address issues relating to retired teachers' health insurance plans etc. , I respectfully request you take into consideration these facts. May I also bring to your attention the many, many audits related to the TRS TCHP Health Insurance Plan and the lack of a written methodology for setting the premiums, as stated by the Office of the Auditor General. I have also submitted written pdf. documents related to this issue.

Thank you.

Sincerely ,
Jeri Shanahan



ILLINOIS COMMISSION ON GOVERNMENT FORECASTING & ACCOUNTABILITY

Co-Chair Senator Michael Frerichs - Co-Chair Representative Jil Tracy

RECORD OF COMMISSION WITNESS

October 23, 2013

SUBJECT MATTER: **Update on Group Insurance Program**

IDENTIFICATION:

Name: Matt Brown

Title: Chief Procurement Officer - General Services

Firm / Business or Agency: Chief Procurement Office

Address: 401 S. Spring, SOB 712 City: Springfield State: IL Zip: 62706

Email: Matt.Brown@illinois.gov

POSITION: Proponent Opponent No Position

TESTIMONY: Oral Written Statement Filed Record of Appearance Only

WRITTEN COMMENTS: Available to answer questions if needed.



ILLINOIS COMMISSION ON GOVERNMENT FORECASTING & ACCOUNTABILITY

Co-Chair Senator Michael Frerichs - Co-Chair Representative Jil Tracy

RECORD OF COMMISSION WITNESS

October 23, 2013

SUBJECT MATTER: **Update on Group Insurance Program**

IDENTIFICATION:

Name: Janice Bonneville

Title: Deputy Director Benefits

Firm / Business or Agency: Central Managmt Services

Address: 801 S 7th City: Springer State: IL Zip: _____

Email: janice.bonneville@illinois.gov

POSITION: Proponent Opponent No Position

TESTIMONY: Oral Written Statement Filed Record of Appearance Only

WRITTEN COMMENTS:



ILLINOIS COMMISSION ON GOVERNMENT FORECASTING & ACCOUNTABILITY

Co-Chair Senator Michael Frerichs - Co-Chair Representative Jil Tracy

RECORD OF COMMISSION WITNESS

October 23, 2013

SUBJECT MATTER: **Update on Group Insurance Program**

IDENTIFICATION:

Name: LINDA BROOKHART

Title: Executive Director

Firm / Business or Agency: State Universities Annuitants Association

Address: _____ City: _____ State: _____ Zip: _____

Email: linda@suaa.org

POSITION: Proponent Opponent No Position

TESTIMONY: Oral Written Statement Filed Record of Appearance Only

WRITTEN COMMENTS:



ILLINOIS COMMISSION ON GOVERNMENT FORECASTING & ACCOUNTABILITY

Co-Chair Senator Michael Frerichs - Co-Chair Representative Jil Tracy

RECORD OF COMMISSION WITNESS

October 23, 2013

SUBJECT MATTER: **Update on Group Insurance Program**

IDENTIFICATION:

Name: Beverley Johns

Title: Retiree

Firm / Business or Agency: _____

Address: PO Box 340 City: Jacksonville State: IL Zip: 62651

Email: bevjohns@juno.com

POSITION: Proponent Opponent No Position

TESTIMONY: Oral Written Statement Filed Record of Appearance Only

WRITTEN COMMENTS:



ILLINOIS COMMISSION ON GOVERNMENT FORECASTING & ACCOUNTABILITY

Co-Chair Senator Michael Frerichs - Co-Chair Representative Jil Tracy

RECORD OF COMMISSION WITNESS

October 23, 2013

SUBJECT MATTER: **Update on Group Insurance Program**

IDENTIFICATION:

Name: OTTO FAFOGLIA

Title: RETIRED STATE EMPLOYEE

Firm / Business or Agency: N/A

Address: 816 OXFORD DR. City: CHAMPAIGN State: IL Zip: 62619

Email: Fafoglia@aol.com

POSITION: Proponent Opponent No Position

TESTIMONY: Oral Written Statement Filed Record of Appearance Only

WRITTEN COMMENTS:

OPPOSE ON BASIS THAT MEDICARE AT THE FEDERAL
LEVEL SHOULD BE LEFT ALONE. RETIREES
SHOULD NOT BE REQUIRED ^{TO DROP} TO DROP
THEIR FEDERAL
MEDICARE BENEFIT AND CHOOSE THE
STATE ADVANTAGE PLAN. - IT IS UNFAIR.
THOSE OF US WHO HAVE SOCIAL SECURITY
& MEDICARE SHOULD HAVE THEM LEFT
INTACT. BECAUSE WE HAVE WORKED
FOR THEM.

WHAT HAPPENS TO DENTAL, PRESCRIPTION
AND EYE GLASS BENEFITS UNDER
STATE ADVANTAGE PLAN?

ARE JUDGES INCLUDED IN MEDICARE
ADVANTAGE PLAN?