



## EXECUTIVE SUMMARY

Emeriti<sup>®</sup> Retirement Health Solutions was created to provide a comprehensive and sustainable program for retiree health care coverage. The need comes from the changing dynamics of retirement behavior in the higher education community, as well as a rapidly aging population and ever-increasing health insurance costs. It offers a nationally available, group medical insurance program that complements Medicare and is supported by tax-advantaged health accounts. The innovative solution, developed out of a three-year study supported by The Andrew W. Mellon Foundation, is managed by Emeriti and is delivered in close collaboration with two organizations nationally prominent in the retirement services field – Fidelity Investments<sup>®</sup> and Aetna Life Insurance Company<sup>®</sup>.

### Collective Buying Power Leverages Resources

Emeriti is a nonprofit consortium of, by, and for colleges, universities and higher education-related, tax-exempt organizations. By banding together many organizations large and small, Emeriti leverages purchasing power, generates programmatic advantages and achieves administrative efficiencies in providing pre-funding of retiree medical costs by employers and employees, and a nationwide insurance program with a range of plans and costs. Emeriti offers institutions a comprehensive outsourced solution, providing approved model plan and trust documents, helping member institutions design plans to meet their needs, providing prospective and transition funding modeling, assisting with key administrative services and regulatory support, designing/updating benefits, negotiating premium rates and fees, and supplying ongoing education and communications. Emeriti's collaborative goals are not only to provide high-quality retiree health care products and services, but also to improve educational resources for making health care an integral component of retirement planning. It is this collaborative platform that makes Emeriti a viable paradigm.

### Innovative Trust Structure Delivers Tax-Advantaged Savings and Flexible Disbursement Options

A key component of the Emeriti solution is the pre-funding mechanism – the Emeriti Health Accounts for which Fidelity Investments provides recordkeeping and shareholder services. By using a defined contribution approach, the institution and the employee make contributions which are invested in a strategically designed portfolio, held within highly tax-efficient trusts called Voluntary Employees' Beneficiary Associations (VEBAs). As opposed to the widely used defined benefit approach, this innovative method maximizes budgetary predictability and cost control for institutions, while limiting future FAS 106/GAS 45 liabilities. The Emeriti Health Accounts allow the institution and the employee to save toward funding future health insurance plan options at various levels of coverage and cost. Upon enrollment in Medicare, the retired employee pays for health insurance and other qualifying medical expenses from the accumulated funds in the Health Account. The Emeriti Reimbursement Benefit offers a tax-free way for retirees to pay for qualifying medical expenses not covered by insurance. In addition, employees who retire early (starting at age 55), or experience a catastrophic event, can also use the Reimbursement Benefit for certain qualified medical expenses. Emeriti offers an additional funding device called the Grantor Trust for such workforce management objectives as recruitment, retention, and retirement.

### Custom-Built Plan Design Ensures Catastrophic Protection and Nationally Available Benefits

The third core component of the Emeriti Program is a comprehensive and highly competitive selection of group health insurance plans. The Emeriti Health Insurance Plan Options, underwritten by Aetna Life Insurance Company\* (see over), are configured with higher education retirees in mind. The options offer catastrophic protection, enhanced prescription drug benefits, preventive care, foreign travel emergency coverage, national access, annual choice among plans, and optional dental insurance. The Emeriti Health Insurance Plan Options build on the foundation of Medicare. Retirees design their own plan from a menu of choices, for the type and level of coverage that best meets their needs for the year. They can then choose a different combination for the following year. Two of the medical plans supplement Medicare Parts A and B. The other two medical plans are Medicare Advantage (Part C) Private Fee-for-Service (PFFS) plans. All coverage options include prescription drugs, with a choice of three Medicare-approved Part D options. Dental insurance is offered as an addition to medical and/or drug benefits. Health insurance is available for pre-65 dependents of enrolled retirees.

\* Aetna provides medical coverage for institutions in 48 states and the District of Columbia and their retirees who reside in any of the 50 states and the District of Columbia. As a national PDP, Aetna also provides drug coverage for institutions in all 50 states and the District of Columbia and their retirees residing throughout the US. HealthPartners provides comprehensive medical and prescription drug coverage to Minnesota institutions and their retirees who reside in Minnesota. Emeriti will select a carrier to provide medical coverage for institutions in New Mexico and their retirees who reside in New Mexico.

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*Emeriti Retirement Health Solutions is responsible for this information summarizing the Emeriti Program. Emeriti, Fidelity, Aetna, and HealthPartners are independent organizations and are not legally affiliated.*



FOR MORE INFORMATION ABOUT EMERITI RETIREMENT HEALTH SOLUTIONS CALL 1-866-685-6565 OR VISIT [WWW.EMERITIHEALTH.ORG](http://WWW.EMERITIHEALTH.ORG).