



## The Hartford's Group Retiree Health Insurance Plan Putting Insurance Back Where it Belongs.

In the wake of double-digit retiree benefit increases, many employers are finding it difficult to continue offering retiree health care coverage. Many are looking for solutions to fund these benefits that are aligned with their benefits strategy and financial goals. They know that preserving their retiree benefit plan may help attract and retain workers, not to mention alleviate obligations to their employees, as well as shareholders. The question remains – which funding method is best? While there isn't a one size fits all approach, The Hartford<sup>1</sup> offers employers a means to address one of today's biggest challenges through a fully insured program.

### **The Challenges of Maintaining a Self-Insured Plan in Today's Environment**

In the past when health care costs were lower and employers were typically the primary source of financing, self-funding the health care plan made sense. In a self-insured plan, the employer may cover all claim costs or deduct a portion of the money for benefits from retiree pension and active employee paychecks. When the claim experience is high and eats the portion set aside, the company must either fund the deficit out of company resources or deduct a higher percentage from both actives and retirees. This in turn may increase the volatility and jeopardize the overall health of the plan, as well as the financials of the organization. Not surprisingly, to stay focused on the business at hand, many employers are more apt to cut benefits, modify or eliminate them altogether.



The retiree to active employee population is a fast growing number and continues to climb steadily with the Baby Boomer generation. Retirees often incur more health care costs with increased doctor visits and claims.



## The Confusion with Coordination

Many organizations make the mistake of treating their active and retiree population (both pre-65 and Medicare eligible) the same when it comes to providing coverage. While including Medicare eligible retirees may help subsidize pre-65 retirees, this practice may blur the picture and experience of the actual costs and claims of these diverse populations. Coordinating major medical benefits with Medicare can be complex and costly, and takes special consideration. Often, employers do not budget for these considerations, and consequently drain resources set aside for claims to handle the different administrative needs. By separating retirees from the active health plan, employers can decrease risk for their organization, active employees and retirees.

Fully insuring a post 65 medical plan removes the liability of exceeding projected costs.

## The Hartford's Solution

We are in the business to assess, evaluate and assume risk. By offering a fully insured retiree medical program from The Hartford, the risk is shifted away from the employer and the benefits can be numerous:

- Stabilized cost projections and elimination of volatility in expense and FAS liability reservations.
- Alleviation of the retiree health benefits administrative burden.
- Stabilized cost of the active employee plan.
- Retirees have coverage that efficiently integrates with Medicare, providing the employer with significant administrative/claims cost savings. FASB/GASB accounting becomes simpler – no need to separately track the claims of current retirees.
- Risk management measures such as stop-loss need not be taken.

When looking for a company to provide retiree benefits, our clients can depend on The Hartford. We listen, and offer the best solutions and service to meet their needs. We're there, providing:

- Products and service options that give you more choice.
- Support to make your job easier.
- Responsive service targeted at your unique needs.
- Strength and stability you can rely on.
- A proven track record of expertise in catering to the unique needs of seniors.

## For More Information

Call TAGCO Associates, LP at (800) 866-8056  
or visit our website at [www.tagcoassociates.com](http://www.tagcoassociates.com)

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