A. General and eligibility

1. Will the announced changes to NYU’s retiree medical plans apply to me?

If you are age 50 or older and were an NYU employee as of September 1, 2011, or you were already retired from NYU as of September 1, 2011, the changes do not apply to you. You will continue to be covered by NYU’s existing retiree medical plans and cost sharing. These plans and cost sharing arrangements will be periodically reviewed and NYU reserves the right to make changes in the future.

If you were less than age 50 on September 1, 2011 or start your employment at NYU on or after that date, then the changes will apply to you.

Keep in mind that in all cases you will still need to meet the retiree medical eligibility requirements (for most employees, when you retire you must be at least 55 years old, have 10 years of full-time service with NYU, and have your age plus service equal to at least 70) in order to be eligible for benefits.

2. Why is NYU making these changes?

To help the University address significant future financial challenges that are confronting most, if not all employers. Containing these costs -- while ensuring solid healthcare for our employees as part of a dignified retirement -- is crucial to the University's future and its drive towards academic excellence. The changes are consistent with the changes NYU previously made in the retirement plans for Faculty, Administrators, and Professional Research Staff (i.e., the move to the 5% non-matching and 5% matching NYU contribution in the 403(b) plan), which define NYU’s commitment in dollar terms rather than promising a specific benefit level. The changes were recommended to, and approved by, the Board of Trustees and represent the completion of work started during Re-engineering by the HRPAT committee.

3. What if changes are made to Medicare or the recently enacted Health Care Reform law?

The proposed approach was developed to meet NYU’s objectives. If there are changes to Medicare or other programs, NYU retains the right to amend or terminate the program.

4. I am not eligible for the new PRA option (e.g., I am currently retired, or a current employee over age 50 as of September 1, 2011), can I have the PRA instead of NYU’s current plans?

No. If you are not eligible for the PRA you will remain eligible for current NYU plans.

5. Is the University concerned that these changes prevent us from being able to hire the people we need at NYU?

No. A key premise of the changes is NYU’s commitment to providing financial support towards retiree medical coverage, and we believe we have done that. Accordingly, there should not be an impact on our recruiting efforts.

6. Why was age 50 chosen as the factor determining who is subject to these changes?

To strike a balance between, on the one hand, minimizing change for those employees closer to or planning for retirement in the next few years, and, on the other hand, beginning to reduce the University's future liabilities in a meaningful way.

7. I am a current employee who is not yet 50 years old; what will these changes mean to me?

If you retire before Medicare eligibility, you will have the same NYU medical plan coverage as current employees who are over age 50, but you will pay greater premiums (see Q. B. 1)
The effect of the changes once you are eligible for Medicare and have the PRA available to you will vary from person to person. The PRA does not require you to pay any premiums, so your costs will be reduced by what you would have had to pay for the NYU retiree medical plan. You will still need to pay Medicare Part B premiums (as is the case today). The cost of the coverage you buy to supplement Medicare or provide prescription drug coverage (Part D) will vary based on your needs, risk tolerance and where you live. Keep in mind, Medicare Parts B and D premiums are eligible for reimbursement from your PRA.

B. “Non-Medicare” (typically < age 65) eligible

1. What medical plans will I be able to enroll in?

Non-Medicare eligible retirees will be able to enroll in NYU sponsored plans. Currently, these include the NYU Retiree Medical Plan and the medical plans that are offered to active employees. These plan choices will be reviewed annually and may change.

C. Medicare eligible Premium Reimbursement Account (PRA)

1. When will my PRA be established?

Your PRA will be established when you are retired and eligible for Medicare. However, no PRAs will be established before January 1, 2022. If you are retired and you or your spouse/partner become eligible for Medicare before January 1, 2022, retiree medical coverage will be provided through the NYU retiree medical plan until a PRA is established on or after January 1, 2022, even if otherwise eligible for the PRA.

2. How much will NYU contribute to my PRA?

The amount NYU will contribute to the PRA will be based on the current (2011) net cost to NYU of providing Medicare eligible coverage and will increase up to 3% per year. We expect the initial amount in 2022 to be between $2,500 and $3,000 annually per person. NYU’s contributions will be made on a monthly basis and NYU will contribute an equal amount for retirees and for eligible spouses/partners (see # 3).

3. Does the PRA change if I cover my spouse/partner?

If both you and your spouse/partner are Medicare eligible, then NYU will make equal annual contributions to separate PRAs for you and your spouse/partner. The available funds cannot be shared. If only one of you is Medicare eligible, then the Medicare eligible individual will be eligible for the PRA and the spouse/partner will be eligible to participate in NYU’s Non-Medicare eligible plan options. This applies to spouses/partners who may or may not be working at NYU or elsewhere.

4. Will the amount NYU contributes to my PRA change?

Yes. The amount that NYU contributes will be reviewed annually and may increase by up to 3% per year. Whether, and by how much, the NYU annual contribution increases in any year will be based on an as yet to be determined index.

5. Can the amount available through the PRA decrease from one year to the next?

We do not expect that the amount NYU contributes will decrease from one year to the next. However, it is possible that this situation could arise.

6. Can I make additional contributions to my PRA?

No. Only NYU can make contributions to the PRA.

7. What happens to the PRA if I leave?

If you terminate your NYU employment prior to obtaining eligibility for NYU retiree medical coverage, you will not receive the PRA.
8. What happens to the PRA if I move?

You will continue to have access to the PRA. Keep in mind, however, that Medicare does not generally provide coverage outside of the U.S. To access funds in the PRA you will need to submit qualifying insurance premiums directly to the PRA for reimbursement.

9. What expenses will be eligible for reimbursement through the PRA?

Details will be defined in the future. In general, premiums for insurance plans that supplement or replace Medicare’s benefits will be eligible. This includes premiums for Medicare Part B, Medigap and Medicare Part D prescription drug plans, as well as other types of health care insurance premiums such as dental or vision plan premiums.

10. Will I be provided help to make a decision regarding what type of insurance I should buy?

Resources will be available to help you in the decision making process regarding medical insurance. Companies known as “Medicare Coordinators” specialize in helping Medicare eligible retirees understand their needs and the options that will best meet those needs. Details regarding NYU’s selected Medicare Coordinator will be available in the future.

11. What happens if the cost of insurance increases by more than the amount NYU increases my PRA?

If premiums increase by more than 3% and the total premium paid by a retiree is still less than the amount available in the Premium Reimbursement Account, the increase can be reimbursed through the Premium Reimbursement Account. If the total premium is in excess of the amount available in the Premium Reimbursement Account, the retiree will be responsible for any cost in excess of the amount available in the Premium Reimbursement Account. Each retiree will need to select the option/plan that best meets his or her needs.

12. What happens if I am an active employee with medical coverage through NYU and I continue to work at NYU past age 65?

You will continue to be covered by the NYU plan as an active employee.

13. What happens if I am rehired by NYU?

Credit for past full-time service will be recognized for purposes of determining eligibility for retiree medical coverage.

14. What happens to my PRA if I die?

The retiree’s PRA will be available to reimburse premiums paid during the year of death. The retiree’s PRA will not be available the following year. Eligible spouses/partners will continue to receive NYU contributions into their own PRA.

15. What happens if I don’t use the full amount of my PRA in a given year?

Any funds not used during a given year will roll over to the following year. These funds cannot be paid as a lump sum payment, rather they can only be used to reimburse you for eligible medical expenses. See C9

16. Will reimbursements received from the PRA be taxable?

Generally, reimbursements from the PRA will not be taxable. Reimbursements for premiums attributable to the coverage of domestic partners will be taxable.

D. Dental

1. What is the new retiree dental benefit?
Retirees will be offered access to dental benefits starting 1/1/2012. The cost of the retiree dental benefits will be fully paid by the retirees; NYU will not contribute towards the cost of coverage but will assist by making a group plan available for purchase. In the future, the retiree dental premiums are eligible for reimbursement under the PRA. More details will be provided later this year.