In May 2013, the City of Chicago informed retirees that, in light of the evolving landscape of healthcare and because of the challenge facing Chicago taxpayers, changes to the City of Chicago’s retiree healthcare benefits will be implemented on January 1, 2014. This will mark the first year of a three-year phase-out of City healthcare benefits for those who retired after August 23, 1989.

What specifically are retirees being notified about?

- Under Federal law, the City must notify healthcare plan participants of certain benefits provisions by October 15.
- Pursuant to Federal law, this week the City is emailing all 2014 healthcare plan information to retirees. The changes announced for 2014 are part of a three year phase-out of benefits that will affect those who retired after August 23, 1989.

Who is affected by these adjustments?

- City retirees who retired on or after August 23, 1989, and have at least 10 years of City service. Approximately 21,100 retirees and approximately 9,100 spouses/dependents.

Who is NOT affected?

- City retirees who retired prior to August 23, 1989, and who are currently receiving City health care benefits. These retirees receive up to a 55 percent subsidy of the cost of a City plan, and this will continue for their lifetimes. Approximately 4,650 people, including 4,000 retirees and 650 spouses/dependents.
- Police officers and fire fighters who retire and are eligible to receive health care coverage pursuant to their collective bargaining agreements.

For those affected, what adjustments will be made in the new 2014 plan?

Under the new 2014 plan, while the City will continue to substantially subsidize healthcare plans for those who retired after August 23, 1989 with at least ten years of city service, those participants will see a reduction in the city subsidy to their premiums in 2014.

However, the 2014 healthcare plan will include:

- No increase in co-pays, deductibles or out-of-pocket costs other than the same small percentage increases that occurred annually in the prior plan.
- Blue Cross Blue Shield PPO network and prescription coverage.
- 90% coverage for PPO hospital expenses and doctor visits, after deductible.
- Generous Medicare supplemental coverage for Medicare recipients, including prescription drugs.
- The additional City premium subsidy available to low-income retirees is improved to include retirees at or below 250% of the federal poverty level; the subsidy in the prior plan was capped at 200%.

The reduction in city subsidy for affected city retirees’ premiums include:

- For those who retired on or after August 23, 1989 and before July 1, 2005:
  - The City will provide up to a 41.25 percent subsidy toward these retirees’ healthcare benefits. The current subsidy is 55 percent.
- For those who retired after July 1, 2005 through present, the City subsidy will vary depending on years of City service. The City subsidy will be as follows for the following groups of retirees:
  - 20-plus years will be up to 37.5 percent. (Currently 50 percent.)
  - 15 through 19 years will be up to 33.75 percent. (Currently 45 percent.)
  - 10 through 14 years will be up to 30 percent. (Currently 40 percent.)
What financial assistance will there be for low-income retirees?

- **The City premium subsidy for low-income retirees is being improved in 2014.**
  - In the prior plan, retirees at or below 200 percent of the federal poverty level could qualify for an additional premium and drug benefit assistance. In the new 2014 plan, retirees at or below 250 percent of the federal poverty level can now qualify for additional assistance with their premium and prescription drug costs.

What will the 2014 plan year offer to non-Medicare retirees?

- **There will be no increase in the co-payments, deductibles, or out-of-pocket cost other than the same small percentage increases that occurred annually in the prior plan.**
  - In addition to the City subsidy, these retirees also receive a subsidy from their pension fund. The pension subsidy will remain at $95 per month for non-Medicare eligible retirees and $65 per month for retirees eligible for Medicaid through 2016.
  - The plan offers 90 percent coverage for PPO hospital expenses and 90 percent coverage for PPO doctor visits, after deductible.
  - The plan pays 80 percent of the cost of generic and most formulary brand drugs at the retail pharmacies for up to two fills of a prescription after the retail prescription drug deductible is met.
  - After a $25 co-pay for generics and a $65 co-pay for most formulary brand drugs, the plan pays the balance for up to a 90-day supply of drugs.

What will the 2014 plan offer to Medicare retirees?

- **There will be no increase in the co-payments, deductibles, or out-of-pocket costs other than the same small percentage increases that occurred annually in the prior plan.**
  - After the Part B and plan deductibles, in most cases the plan pays the amount remaining after Medicare pays if the provider accepts Medicare assignment.
  - The plan pays 80 percent of the cost of generic and most formulary brand drugs at retail pharmacies for up to two fills of a prescription after the retail drug prescription deductible is met.
  - After a $25 co-pay for generics and $65 co-pay for most formulary brand drugs, the plan pays the balance for up to a 90-day supply.

What if a retiree chooses to seek other plan options in 2014?

- A City-subsidized healthcare plan will be available for all City retirees in 2014.
- For retirees who choose to seek other plan options in 2014 or in future years:
  - Retirees not eligible for Medicare will have a broad range of healthcare plan options available to them as the Illinois health insurance exchange goes into effect in 2014.
  - Retirees who are eligible for Medicare will receive Medicare coverage, and supplemental Medicare plans are available from many insurance companies — as there are today.

Resources to assist retirees

- For information about plan changes, call 1-877-299-5111 or visit [www.cityofchicago.org](http://www.cityofchicago.org).