

Chevron's New Medical Program for Retirees Age 65+ ©

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This presentation is for introductory educational purposes only; it is not individual financial advice. Attendees should consult with Chevron's OneExchange agents for further information and before making any medical, dental, or vision coverage decisions. Use of this presentation in any other manner or context is neither recommended nor authorized.

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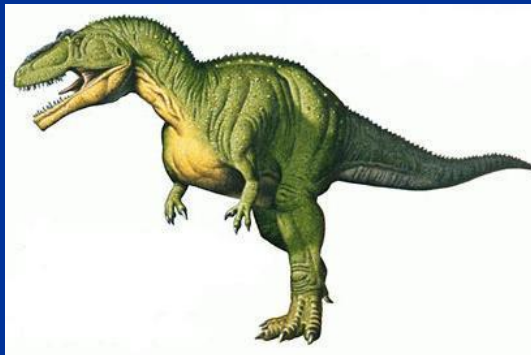
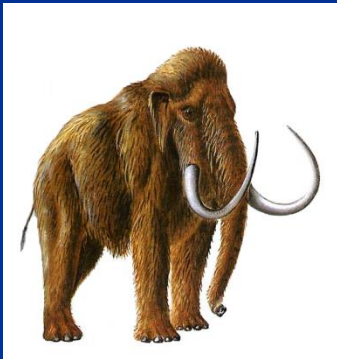
Background

- Area Vice President, Chevron Retirees Association (CRA)
- Member, National Benefits Committee, CRA
- Employee Benefits Manager, Unocal Corporation, 32 years
- Certified Financial Planner[®]

My Opinion

- Volunteer for CRA
- Not a Chevron or OneExchange employee or agent
- No personal bias for or against Chevron's health program changes

Adapt or Die







Chevron's Existing Medical Plans

Chevron, as plan sponsor:

- Makes plan design decisions
 - Size of deductibles and copays
 - Out of pocket maximums (catastrophic coverage)
 - Prescriptions and other special coverages
- Makes cost decisions
 - Cost to company
 - Cost to employees and retirees

Changing Business Environment

Corporations moving away from paternalism

- 401(k) plans replacing pension plans
- Sponsorship of retiree medical plans disappearing

“Consumerism” (JW)

- Each retiree will have a large choice of plans
- Each retiree decides if they want a “rich” or “cheap” plan
- Each retiree decides on importance of monthly premium amount vs. level of benefits and coverage



Chevron's New Medical Program (Age 65+)

- Chevron will no longer sponsor health plans for age 65+ retirees
 - Pension deductions and billings for medical premiums will end 1/12017
- Chevron Health Reimbursement Account (HRA) will replace above
 - Separate account for each retiree and for each spouse
 - Children under age 65 can remain in Chevron's group medical plan
- Administration by OneExchange, not Chevron.



Chevron's Medical Plans (under age 65)

Currently enrolled in Chevron plan

- Retirees, spouses, and children under age 65 can remain in Chevron's group medical plans. When they become age 65, they will move to the Chevron medical program for retirees age 65+.
- Retirees under age 65 will be grouped with employees for premium rating purposes
 - Should moderate future retiree premium increases



Chevron's New Medical Program (Age 65+)

Health Reimbursement Account (HRA)

- Chevron will make monthly contribution to retiree's individual account
 - Monthly contribution will approximately equal current Chevron contribution towards individual retiree's medical plan.
 - Must be enrolled in OneExchange medical plan to get HRA
- Retiree pays premiums, deductibles, copays, etc. up front
- Retiree then makes a claim for reimbursement to OneExchange
- Reimbursement is dependent on the balance in your HRA account



Chevron's New Medical Program (Age 65+)

- Health Reimbursement Account (HRA) continued
 - Retiree will have to pay entire health plan premium (if any)
 - Retiree can be reimbursed for health plan premiums
 - Retiree can be reimbursed for Medicare Part B premiums also !
 - Can enroll for automatic reimbursement of health plan premiums
 - Retiree can be reimbursed for deductibles and co-payments
 - Retiree can be reimbursed for dental and vision costs
 - Latter two require retiree to submit claims for reimbursement



Chevron's New Medical Program (Age 65+)

■ OneExchange

- Private insurance exchange, not public
 - Not part of ACA (Obamacare) exchanges
 - Set up for use by Chevron retirees
- Administrator: Towers Watson
 - One of the largest benefits consulting firms in the world



Chevron's New Medical Program (Age 65+)

- OneExchange (continued)
 - Will handle enrollment in new healthcare program
 - OneExchange has licensed insurance advisors
 - Will provide individual advice / service to each retiree
 - Telephone access
 - Will reimburse qualified retiree claims
 - Chevron only provides monthly contributions to HRAs
 - HRA balances “roll over” monthly and annually



Chevron's New Medical Program (Age 65+)

Taxes and HRAs

- Chevron contributions to HRA are not taxable to retiree
 - Same as current Chevron subsidy for retiree plans
- Reimbursements to retiree are not taxable to retiree

Healthcare Plans I

Medicare

- Part A: Hospitalization
- Part B: Non-hospital medical care
- Part C: Medicare Advantage
- Part D: Prescription Drug

Healthcare Plans II

“Medigap” aka Medicare Supplement Plans

- Fills some or all of the Medicare gaps in coverage
- Standardized Plans: A, B, C, D, F, G, K, L, M, N
 - F = “Full” coverage
- Higher benefit level plan = higher monthly premiums
- No network, no “gate keeper”
- Premiums generally higher than Medicare Advantage plans
- Does not cover drugs, so you need to enroll in Medicare Part D

Healthcare Plans III

Medicare Advantage (Medicare Part C)

- Choice versus cost
 - Preferred Provider Organization (PPO)
 - More choice, more cost
 - Health Maintenance Organization (HMO)
 - Less choice, less cost
- Does provide prescription drug coverage

Healthcare Plans IV

Medicare Advantage (Medicare Part C)

- Preferred Provider Organization (PPO)
 - You have choice of doctors, clinics, hospitals, labs
 - No “gate keeper”, you choose doctors, specialists
 - PPO is a network of doctors, hospitals, labs
 - Lower deductibles and copays if network provider used
 - Can go outside network
 - Higher deductibles and copays if you go outside network
 - Higher monthly premiums than HMOs

Healthcare Plans V

Medicare Advantage (Medicare Part C)

- Health Maintenance Organizations (HMO)
 - Lower monthly premiums than PPOs
 - Low deductibles and copays
 - You choose a Primary Care Physician (PCP) from the network
 - You have to go to network doctors, clinics, hospitals, labs
 - You cannot go to a specialist without your PCP approval

Healthcare Plans VI

Medical

- Foreign Travel

- Medicare

- Generally does not provide coverage

- A few exceptions

- Medigap & Medicare Advantage plans

- May provide foreign travel coverage

- Check individual plan

- Travel Insurance

- If your medical plan doesn't cover, buy travel insurance

Healthcare Plans VII

Medical

- Prescription Drug Plans

- Medicare Part D
- Medicare Advantage plans provide drug coverage

Healthcare Plans VIII

Dental

- OneExchange to offer dental plans
- Potential reimbursement for premiums, deductibles, copays

Vision

- OneExchange to offer vision plans
 - Some vision plans will be part of medical plan
- Potential reimbursement for premiums, deductibles, copays

Caution

- Although OneExchange offers Dental & Vision, your monthly HRA reimbursement will probably be used up by medical/Medicare costs

Chevron & OneExchange

Existing Medical Plans for Retirees Age 65+

- Ends December 31, 2016

OneExchange

- New program effective January 1, 2017
- Open Enrollment Period
 - Currently enrolled in Chevron group medical plan
 - October 3 through December 31, 2016
 - Not currently enrolled in Chevron group medical plan
 - October 15 through December 7, 2016

Chevron & OneExchange

Your Action Needed

■ Now

- Review brochures you received from Chevron/One Exchange
- www.medicare.oneexchange.com/chevron
- Attend a OneExchange meeting in your area

■ Soon

- Early/Mid October 2016: Medicare Administration will release list of approved plans
 - You will receive enrollment package from OneExchange
 - “Serious” homework begins in comparing plans and determining which is best for you
 - Then call OneExchange and discuss your situation and options with
- **Tip:** Schedule your enrollment phone call for post October 15

OneExchange Informational Meetings

San Luis Obispo: September 26

- Embassy Suites San Luis Obispo
333 Madonna Rd. San Luis Obispo, CA 93405
- Meeting: 10:00 am

Bakersfield: September 27

- Bakersfield Marriott at the Convention Center
801 Truxtun Ave. Bakersfield, CA 93301
- Meeting times
8:30 am
11:30 am
2:30 pm

Bakersfield: September 28

- Meeting: 10:00 AM

RSVP by calling (800) 560-6101

OneExchange Informational Meetings

Torrance: September 27 and 28

- Torrance Marriott Redondo Beach
3635 Fashion Way, Torrance, CA 90503
- Meeting times (each day)
 - 8:30 am
 - 11:30 am
 - 2:30 am

Anaheim: September 29, 2016

- Anaheim Marriott
700 West Convention Way, Anaheim, CA 92801
- Meeting times
 - 8:30 am
 - 11:30 am
 - 2:30 pm

RSVP by calling (800) 560-6101

Chevron & OneExchange

Important – Only Opportunity:

- **Failure to enroll** in the new Chevron program (OneExchange) during this Fall's open enrollment will result in **permanent loss of eligibility** for Chevron's retiree healthcare program.
 - Must enroll in a OneExchange-offered medical plan
- **Enrollment in new program is not automatic**, you must call OneExchange to enroll

OneExchange

Towers Watson

- Has licensed insurance agents manning the OneExchange telephones
- Will hold informational meetings in Southern California
 - Attend one !
- Will provide individual counselling by telephone
 - Call them !
- Will enroll you in the plan(s) you choose
 - Enroll !

OneExchange Informational Meetings

Internet

<https://medicare.oneexchange.com/chevron>

- Website with a large amount of information
- 30 minute YouTube video presentation
- Available 24 / 7
- You need to set up your own account online
 - Will then have access to individualized information

Telephone

(800) 560-6101 RSVP for meetings

(844) 431-7914 OneExchange agents & audio of Info Meetings

Tips for Choosing a Medical Plan

- Cost versus choice decision
- If PPO or HMO:
 - Are your doctors in the plan's network?
 - Is your preferred hospital available in the plan's network?
 - Do you have a special prescription?
 - If so, is it covered by the plan?
- If HMO, beware that referrals for specialists are required
 - This can delay treatment
 - You can't pick any specialist, only those in network that PCP refers

Adapt or Die

(Enroll or Chevron coverage dies)



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