



# THE RETIREE GUARDIAN

Newsletter of AUSWR — representing retirees of CenturyLink/Qwest, U S WEST and their predecessor companies  
www.AUSWR.org

2011 Issue 4

## Retirees Caught Up in 2012 Health Care Plan Changes

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### Post1990 Management Medicare Eligible Retirees & Spouses Dropped From CenturyLink Health Plan

Effective January 1, 2012, CenturyLink announced elimination of company health care coverage for all-1990 management, Medicare eligible retirees and their Medicare eligible spouses/dependents. (Dental and Life Insurance continue).

Retirees affected by the change must select a Medicare insurance carrier from the open market from those available in their area by December 31, 2011.

CenturyLink offers a retiree and spouse monthly reimbursement through Health Reimbursement Account (HRA) managed by AON Hewitt.

Is this legal? Yes, CenturyLink seeks to lower its health care costs and is using a 2004 EEOC ruling which allows companies to drop Medicare eligible retirees.

For more info go to pages 3 and 4.

### Premium Increases Cause Shock and Pain for Some Retirees in CenturyLink Health Plan

Some retirees are seeing increases ranging from a few dollars to as much as 400% for their health care premiums starting January 1, 2012, and asking why such sharp increases.

Several unique factors explain the CenturyLink retiree health care costs. CenturyLink must pay for each enrolled retiree and spouse/dependent retiree pay the premium. The costs of retiree health care, (doctors, hospitals, other medical services) incurred in the prior year are pooled, averaged, and factored to determine the premiums for the next year.

Retirees are in retiree health plans and older people use more health care which drives up the costs.

**"To preserve and protect the pension and benefits that we earned." AUSWR Mission**



Mimi Hull  
AUSWR President

tations of having health care benefits for life and how that broken promise came the ever increasing premium costs to retirees today.

Accounting Standards Board (FASB) issued regulations which required publicly traded corporations with retirees who were promised health benefits in retirement to disclose the anticipated financial costs of those promised future benefits to shareowners.

With the assistance of a benefit consulting firm, U S WEST (and other major corporations) determined that they could quantify the dollar amount that they estimated would pay for retiree health benefits. In the 1989 round of bargaining with the CWA and the U S WEST negotiated a labor contract which established health care caps that were less than the then cost of health care. It was anticipated at the time that if health care inflation then in force, the caps would not be reached during the life of that contract.

These same caps were subsequently imposed on Management employees.

It was the intent that in each subsequent round of bargaining the caps would be negotiated higher than the anticipated health care inflation for the life of the contract and cover retiree costs. Consequently no employee or retiree would be required to make premium contributions for their health care, and shareowners would be provided the health care cost information required by FASB.

And so it rolled along smoothly until 2004, until Qwest broke those promises and imposed ever increasing health care premiums on employees who are on fixed incomes, and who never included these costs in their retirement planning because they were consistently told by the Company they did not need to.

The cap was last increased for some retirees in 2006. Health care expenses by retirees from one year are used to determine the premium costs for the next year. As retirees age and utilize more health care services and the costs of health care across the nation exceed the rate of inflation and the cap remains frozen the costs to retirees will continue to escalate.

Mimi

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**Curtis L Kennedy**  
AUSWR Litigation Attorney

In response to the major health care changes CenturyLink announced in 2012, retirees turned to AUSWR Litigation Attorney Curtis L. Kennedy because of his help in the past.

Nothing can be done to challenge these health care changes.

Curtis answers:

In response to your request, the answer is, "No." I can't do anything to either halt or alleviate the erstwhile treatment of Post-1990 retirees' health care benefits now that CenturyLink has taken over. I could give you a much longer and detailed legal dissertation, but, I don't believe it would be any more productive than for you to read and understand a report I compiled seven years ago and posted at the website for former U S WEST retirees.

[http://www.auswr.org/RetireeHealthCareReport.pdf](#)

Please see my work product entitled "The Dark Side of ERISA" posted at [www.AUSWR.org/QwestRetireeHealthCareReport.pdf](http://www.AUSWR.org/QwestRetireeHealthCareReport.pdf).

I know that this is disheartening news, not what you wanted to hear. But, indeed, take it to heart. You and any other Post-1990 retiree (both management and nonmanagement) will simply be wasting time and effort, and a great deal of money, if you or anyone tries to litigate your disagreement with CenturyLink.

All Post-1990 retirees should focus efforts on trying to get Congress to make a needed change in federal law ERISA. And, certainly, you should maintain your membership with and be supportive of AUSWR [the organization representing CenturyLink/Qwest retirees].



In view of what you are witnessing happening to your retiree health care benefits, I urge you to purchase and fully read "Retirement Heist: How Companies Plunder and Profit from the Nest Eggs of American Workers", a thoroughly researched and reasoned book authored by Ellen Schultz, who frequently

reports for the Wall Street Journal. Ms. Schultz's recently published book will give you and any other retiree a very informative understanding about the widespread corporate disease eroding everyone's package of retirement benefits, except corporate 401(k)s. I find much of the revelations to be both shocking and disgusting, but you will understand and agree with me. For more information about the book, see:

[www.npr.org/2011/09/29/140344871/retirement-heist-how-firms-trimmed-pensions](http://www.npr.org/2011/09/29/140344871/retirement-heist-how-firms-trimmed-pensions)

Ellen E. Schultz is an investigative reporter for The Wall Street Journal who has covered the so-called retirement crisis for more than a decade. Her reporting has led to congressional hearings, new legislation, changes in IRS practice, and a Treasury investigation. She has won dozens of awards and in 2003 was part of a team of Wall Street Journal reporters awarded the Pulitzer Prize for articles on corporate scandals.

Precedents set by any of these health care changes because of the Phelps case settlement negotiated by Nelson Phelps and Curtis Kennedy with U S WEST leadership. Precedents set by health care coverage is binding on all corporate successors including CenturyLink.



# Post-1990 Management Medically Eligible Retirees and Spouses Questions & Answers from CenturyLink

## **Do I have to enroll in a policy through Aon Hewitt Navigators to receive the Health Reimbursement Account, HRA, contribution offered by CenturyLink?**

No. As long as you are Medically eligible (age 65 or older or disabled), and meet the eligibility requirements for retiree health benefits, you will be able to receive the Company HRA contribution. You also must be enrolled in an individual policy. However, you may want to consider enrolling through Aon Hewitt Navigators as there are several benefits. These include: Access to a broad array of choices to help meet your distinct health care needs, since Aon Hewitt Navigators represents a variety of insurance providers; Access to insurance providers that will facilitate automated reimbursement of your premium each month, eliminating the need for you to file manually (this feature is not available from all providers); Access to special support after enrollment, including experienced advocates who can help you navigate Medicare claims and coverage complexities.

## **How is Aon Hewitt Navigators paid?**

The insurance companies that Aon Hewitt Navigators partners with pay the company, Aon Hewitt Navigators, a commission for each enrolled retiree. This allows the services that Aon Hewitt Navigators provides to be at no charge to the retiree.

## **How are the Benefit Advisors paid?**

The benefit advisors are salaried employees and are not paid a commission, and so there is not an incentive to steer retirees to a particular policy. The Benefit Advisors do not know what commissions are paid to Aon Hewitt Navigators.

## **Are all of the Benefit Advisors in the United States?**

All of the Benefit Advisors are located in Lincolnshire, IL (north of Chicago) and in The Woodlands, TX (north of Houston). None of Aon Hewitt Navigators calls are answered outside of the United States.

## **Can I speak to the same Benefit Advisor each time I call in?**

You may request to speak to the same benefit advisor each time you call in during the enrollment period. The Benefit Advisors will provide their phone extension for the event you need to call back.

## **My spouse and I already have coverage through another policy that we've previously purchased in the individual market. Can we keep this policy?**

Yes, since enrollment through Aon Hewitt Navigators is optional, you can keep your existing policy and still submit notification of paid premiums for reimbursement from your HRA.

## **Do I need to have both Part A and Part B of Medicare before enrolling in individual supplemental coverage?**

Yes, these plans require Part A and B. Enrollment in Medicare Part A (which covers hospital services) is automatic for most people, while enrollment in Medicare Part B (which covers physician and medical services) is optional. However, we strongly recommend that CenturyLink retirees enroll in Part B in order to ensure you have the most complete coverage and the least amount of out-of-pocket expenses. In addition, most Medicare Supplement, Medicare Advantage and Medicare Prescription Drug plans will require you to have Part B in place before you can enroll them. A Benefit Advisor can help you understand all the different policies, what each one is designed to cover, and mental policies.

## **I'm the CenturyLink retiree who is Medicare eligible, but my dependent(s) is not Medicare eligible. How does this work?**

You will enroll with Aon Hewitt Navigators for your Medicare medical coverage which will begin Jan. 1, 2012. Your dependent(s) will remain under the CenturyLink group health care plan as long as they remain eligible under the terms of the Plan.

## **My dependent is Medicare eligible, but I'm not Medicare eligible. How does this work?**

Your dependent will enroll with Aon Hewitt Navigators for Medicare medical coverage in an individual policy which will begin Jan. 1, 2012. You will remain covered under CenturyLink group health care plan.

## **My spouse and I are both Medicare eligible, do we need to be enrolled in the same policy?**

Because all policies are individual policies, you both can enroll in the same policies or different policies with different insurance companies.

...More questions & answers on next page ...

...Questions continued from page 4...

**What if I do not need coverage through Aon Hewitt Navigators because I am covered by a group health plan?**

You will need to let Aon Hewitt Navigators know that you would like to defer/suspend coverage. By doing this, you will be allowed to enroll at a later time in an individual Medicare policy with a CenturyLink sponsored HRA (if applicable). You can defer/suspend coverage only one month. Medicare states that if a group health plan is ending for an employee/retiree, they have 63 days to enroll in an individual Medicare supplement plan. However, enrollment is prospective, so coverage will not be effective until the first of the month following your enrollment.

**What if I do nothing during this enrollment period?**

You will only be covered with Medicare Parts A and B (provided you have timely enrolled and pay your Part B premiums). You will not have access to an HRA. You should notify Aon Hewitt Navigators that you wish to defer/suspend individual coverage to a later date. You will then have the option to enroll in an individual policy with Aon Hewitt Navigators during future annual enrollment periods or if you have a Qualifying Life Event or, however, if you do not enroll in an individual policy during this annual enrollment period, you may not be guaranteed coverage and may be required to submit a health questionnaire if you select a Medicare Supplement/Medigap policy in the future. You can defer/suspend coverage only one time.

**What is the process to enroll, if I turn 65 in 2012?**

You should enroll in one of the group health coverage benefit options offered by CenturyLink at this coming annual enrollment so that you will have coverage under that Plan from January until your birthday. Approximately 3 months before you turn 65, you will receive an Aon Hewitt Navigators education kit that will contain a brochure and a letter with an appointment for you to speak to a benefit advisor. You will need to call to confirm your appointment with Aon Hewitt Navigators. Your group health coverage will terminate when you become Medicare eligible and you will have the opportunity through your appointment with Aon Hewitt Navigators to select an individual policy. Your HRA (if eligible) will be activated at that time.

**Can I be reimbursed for 6 months worth of premiums if I decide to pre-pay for my insurance?**

IRS guidelines state that you can only be reimbursed for incurred services, and therefore, can only be reimbursed one month at a time. Another factor to consider is if a retiree passes away, it may take time to get a refund from the insurance carrier.

**Do the same rules that apply to guarantee issue during annual enrollment for Medicare supplement policies also apply to me when I turn 65 in 2012?**

Yes. You will have 63 days to enroll into a Medicare supplement policy without a medical questionnaire. This is the guarantee issue period. Medicare states that if your group health plan is ending for an employee/retiree, you have the 63-day guarantee issue window for Medicare supplement plans. However, enrollment is prospective, so coverage will not be effective until the first of the month following your enrollment.

**My spouse is over age 65 and Medicare eligible. Will the contribution he or she receives go into my HRA or a separate HRA?**

Contributions for the retiree and spouse are placed in a single account. You, or your insurance provider, may submit notification of paid premiums on behalf of you and your spouse. The joint account HRA will be adjusted to reflect his or her death.

**I am a legacy Qwest retiree and will receive \$290/month subsidy for me and my spouse (\$145 each). What if I elect a policy that costs less than \$145/month, but my spouse chooses a policy that costs more than \$145/month? Can we only be reimbursed up to \$290 per month?**

The total annual HRA amount is available to you on January 1, 2012 and you have a joint HRA account with your covered spouse. You can submit any monthly policy premium amount for reimbursement up to the total annual HRA balance available. However, if your premiums total more than \$290 per month, you will run out of HRA dollars at the end of the calendar year.

**I am a legacy Qwest retiree and my current healthcare deductions are taken from my pension check. Will my January pension check deduction be for the month of December or January?**

Legacy Qwest retiree healthcare premiums are deducted in arrears, meaning the deduction taken from your January pension check is paying for your healthcare coverage in December. This means your January pension check will include a deduction for your December medical, dental and life insurance coverage (if applicable) under the current group plan. In addition, you will need to pay for your new medical/prescription drug plan in January.

For more answers to your questions, contact

AON Hewitt Navigators at 860.535.75

# Congress Plans Medicare Changes

The National Retiree Legislative Network (NRLN) is the national affiliation of more than 30 organizations (including AUSWR) with the purpose of advocating federal legislation to protect the pensions and benefits of seniors.

Recently the NRLN published a White Paper analyzing proposed changes to Medicare coming from each political party. Following is a summary of the NRLN position of proposed Medicare changes.

## Ryan Plan Medicare Proposal

On April 5, 2011, U.S. Representative Paul Ryan (D-WI), Chairman of the U.S. House Budget Committee, unveiled "The Path to Prosperity: Restoring America's Promise," a 2012 budget proposal which outlines a strategy for reducing federal spending and the national debt.

In the Ryan plan, Americans now under age 55 would participate in a new government-subsidized, means-tested private insurance program. Medicare spending would be sharply reduced by switching to a system in which seniors would receive "premium support" (also known as "vouchers") in order to choose among competing private health care plans offered in their area through yet to be created Medicare Exchange.

The nonpartisan Congressional Budget Office analyzed the Ryan plan and estimated that:

1. By 2030, Medicare would pay just 32% of senior health care costs. The remaining 68% of the plan would be shouldered by the retiree. By comparison, the CBO estimated that if traditional Medicare stays in place, the government would pay 70% to 75% of the costs. A 65-year old in 2022 would be \$8,000 of the total estimated health care costs of \$20,500.
3. The level of the "premium support" payments would grow over time with inflation. The Ryan plan would be means-tested, so poorer Americans and those with catastrophic illness would pay less.
4. People with incomes below the federal poverty level would be given an extra supplement that would cut their average out-of-pocket cost to about \$4,700 a year, or about 43% of their average income. Under the current system, poverty-level Medicare beneficiaries pay little or nothing for their health care.
5. The Ryan plan seeks to repeal parts of the Affordable Care Act. Prescription drugs would stop and go back to 2010 levels.
6. Prescription drugs in the Ryan plan would be covered

under private insurance plans along with other medical benefits and not be offered separately through private, stand-alone plans such as Medicare Part D.

On April 13, 2011, the President proposed Medicare changes that he believes will have a greater impact upon and partially paid for through their taxes. No bill is pending for his proposals which include:

1. Medicare would not be changed to a "payment support" or "voucher" program.
2. Medicare would be given the ability to use its purchasing power to negotiate drug costs.
3. The Affordable Care Act that the President helped push through Congress would remain in place. It contains efforts intended to rein in spending such as:
  - Make Medicare more efficient and facilitate bringing generic drugs into the market place faster.
  - Incentivize doctors and hospitals to prevent injuries and improve results.
  - Bring down health care costs through a newly created payment board.
  - Drive a more aggressive plan for reducing Medicare fraud.
  - Create stronger incentives to reduce medical errors and unnecessary hospital readmissions.

## NRLN Commentary on Both Plans

The NRLN is opposed to House Budget Committee Chairman Paul Ryan's proposal that would end Medicare as it has been known by replacing it starting in 2018 with federal subsidy payments to purchase private insurance plans for people born after 1956 because private insurance health care plans have failed to contribute to lower costs of health care.

Two elements of President Obama's Medicare proposal may slow the increase in drug costs. By giving Medicare the ability to use its purchasing power to negotiate drug prices and by cutting spending on prescription drugs by speeding availability of certain generic drugs would decrease drug costs to seniors.

The NRLN's position on Medicare has been and continues to be that Congress must guard against reductions in Medicare expenditures that negatively impact the care that current and future retirees receive from doctors, hospitals and other health care services.



# WHAT TO DO WHEN A RETIREE DIES

## WHAT YOU SHOULD KNOW ABOUT YOUR CENTURY LINK/QWEST BENEFITS

These directives are general in nature. Other requirements may not be known at this time or not applicable to all survivors. Every retiree should review this information in a conversation with his or her spouse, surviving dependents, beneficiaries, and family members. Share this information with your investment advisors and estate planners.

**FIRST make a list of:** Life insurance policies, bank accounts, credit union accounts, stock accounts, accounts, and other financial holdings.

Determine whose name or names are on each account. For a survivor or dependent to withdraw money from an account, or cash an insurance claim, the survivor or dependent must be named on the account or arrangements made on the account to pay on death or to be named as the beneficiary.

You must confirm the beneficiary on your benefits if you are unsure who is named. (See instructions below to confirm your beneficiaries). You can request a beneficiary form by mail or make changes. Be sure to keep a copy of all beneficiary forms with your will and other documents.

Think long and hard about putting a son, daughter or anyone else on the deed of your home or assets such as investments because if that person declared bankruptcy or other financial distress, your home would be considered part of his or her assets.

**Consult with a Certified Elder Law Attorney to get the best advice on your estate planning.**

Following is a summary of key earned benefits including

Although the benefits were earned during your working years, they may not be paid to the surviving spouse or dependents unless the appropriate action is taken.

**Most of these items apply to a surviving spouse or dependent in the event of the death of a retiree**

**You MUST file your claim within ONE Year:**

**Notify the Service Center of the death of the retiree at .....800-729-7526**

**Select option #3 and follow subsequent prompts. You will be talking to a representative from AON Hewitt, the benefits management company contracted to CenturyLink.**

**YOU MUST ASK the Service Center to provide you with information regarding the Group Life Insurance, Survivor Annuity, and continued Health Insurance (COBRA).**

**Be prepared to provide the following information:**

- Full name of retiree
- Date of Death
- Social Security Number
- Address
- Surviving spouse or dependent Social Security Number

### DEATH CERTIFICATES

The surviving spouse or dependents will need a death certificate as proof necessary to collect many of the su

financial accounts to transfer or change the ow ship retiree assets.

### GROUP LIFE INSURANCE

(This benefit was tied to the annual pay of the retiree. Once you reduced the group life insurance to \$10,000 for all retirees). Met Life Insurance Company handles the group life insurance. This benefit is a flat \$10,000. Call the Service Center to confirm your beneficiaries. This benefit is NOT taxable.

[dyk@t\k\\_o\\_vvy@u](mailto:dyk@t\k_o_vvy@u)

retirement should make certain the spouse is aware of the coverage. Contact the Service Center to take the action necessary to start the payments. The surviving spouse may arrange for direct deposit or provide a mailing address to receive annuity payment.

If the retiree outlives the spouse, the deductibility should be cancelled. The amount of the cancelled de

monthly check. Call the Service Center to cancel the annuity option.

### COBRA

Healthcare coverage is provided by COBRA for the surviving spouse and eligible dependents. The coverage is the same as that being provided the retiree and surviving spouse at the time of death.

The Company currently pays for the first six months. You must pay a premium for continued coverage for the following months. Following the end of the first month period, the





# Face-to-Face Meetings with Congress

by Martha Deahl, AUSWR Arizona Legislative Director

First, I would like to thank all the AUSWR members giving me the opportunity and support to represent them in Washington, D.C at the NRLN FlySeptember. The dedication I observed was amazing from all who came for a few days to meet with members of Congress, the Committees and staffs.



AUSWR members (from left) Del Polad from Utah, Martha Deahl and Rick Giffin (far right) from Arizona met with Sarah Towles (center) Legislative Assistant to Congressman Jeff Flake (AZ03) and

AUSWR sponsored five members who made appointments with their state congressional delegates. Arizona member Rick Giffin and I joined Del Polad of Utah and Judy Stenberg of Oregon in Washington. In our Arizona Representative and I joined when we met with our Congressmen and Senator Lee and others. Judy Stenberg met with congressional members from Oregon and Washington.

When we met face-to-face with members of Congress and staff members, we asked them to take action either by creating legislation based on the framework included in our NRLN White Papers or to support existing legislation for pensions and benefits. We were specific on the needs of seniors. We focus on presenting three main initiatives: Pension Asset Protection, Social Security and Medicare solvency and Prescription Drug control.

It was an exhausting trip. Walking back and forth from one building to the next on The Hill was certainly challenging, but I felt we made a difference. We were passionate about the purpose of our visits and enthusiastic because of all we represented.



AUSWR Oregon Washington President Judy Stenberg and NRLN Legal Advisor Michael Calabrese.

I sincerely hope you consider getting involved with the local office of your U S Representative. Be visible and make sure your member of Congress is aware of your needs as a retiree. This is a critical time for all retirees. We presented our/your concerns about the need for future federal legislation to protect the pensions and benefits all retirees earned and to stop the continuing erosion of benefits at the time in life seniors need them most.

One of the messages we hopefully left with our Congressmen is that retirees are active in what is going on in Congress and we are watching. Those of us who went to Washington keep personal contact and follow up with our state local congressional offices to make sure they are listening. I would like for each of you to call your Representative and tell them you are aware of our visit to Washington, and how important it is for them to act on your behalf. We left a folder with our initiatives for them to act.



NRLN President Bill Kadereit (top row left) leads retiree meeting with the Senate Finance Committee staff. AUSWR joined other retiree organization members.