



Hawaii Employer-Union Health Benefits Trust Fund

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Agenda

- Background
- Enrollment Trends
- Historical Maui County Costs
- Premium Trends
- Plan Changes
- OPEB
 1. Assets
 2. Liabilities
 3. Ways to Address the AAL

Background

- **Established** July 1, 2003, HRS 87-A is the governing document
- **Governed by** 10 Trustees, 5 employer and 5 employee
- **Trustees vote** Each group of trustees collectively has one vote (3 trustees of the group must vote affirmatively), two votes are needed to pass a motion
- **Employees** State and County employees covered – 70,000
plus 60,000 dependents
- **Retirees** State and County retirees covered – 45,000
plus 20,000 dependents

Background

Fully Insured Plans

- Active – Kaiser Comprehensive and Standard medical and prescription drug, chiropractic and USABLE life insurance
- Retiree – Kaiser Medicare Advantage and non-Medicare medical and prescription drug, UnitedHealthcare Medicare Advantage medical, chiropractic (HSTA VB only) and USABLE life insurance plans

Self Insured Plans

- Active and Retiree – prescription drug plan (pharmacy benefit manager CVS active and non-Medicare retirees, and SilverScript Medicare retirees)

Fully Insured with One-Way Risk Sharing

- Active – HMSA 90/10, 80/20, 75/25 PPO and HMO plans, Royal State supplemental medical and prescription drug, HDS dental and VSP vision plans
- Retirees – HMSA Medicare and non-Medicare PPO medical, HDS dental and VSP vision plans

Background (Active Employee Plans)

HMSA

- 90/10 PPO – calendar year maximum out-of-pocket (MOOP) \$2,000 single/\$4,000 family medical only, 10% member cost share for most services and no in-network deductible
- 80/20 PPO – calendar year MOOP \$2,500 single/\$5,000 family medical only, 20% member cost share for most services and no in-network deductible
- 75/25 PPO – calendar year MOOP \$5,000 single/\$10,000 family medical only, 25% member cost share for most services and \$300 single/\$900 family calendar year in-network deductible
- HMO – benefits limited to in-network providers, calendar year MOOP \$1,500 single/\$3,000 family, fixed copayments for most services including no copayment for inpatient hospital stays and no deductible

Background (Active Employee Plans)

Kaiser

- Standard – benefits limited to Kaiser except for emergency and urgent care services, calendar year MOOP \$2,500 single/\$7,500 family, higher cost share for services (e.g. 15% inpatient services) and no deductible
- Comprehensive – benefits limited to Kaiser except for emergency and urgent care services, calendar MOOP \$2,000 single/\$6,000 family, lower cost for shared services including no copayment for inpatient hospital stays and no deductible

Background

How carriers are selected

- Request for proposals
- One year contracts with possible two (medical and prescription drug) or three (dental, vision and life) one-year extensions
- Medical and prescription drug contract extensions end 12/31/17 for retirees and 6/30/18 for active employees. Currently in the RFP process.
- Dental, vision and life insurance contract extensions end 12/31/18 for retirees and 6/30/19 for active employees

Active Enrollment – Medical & Drug (Maui)

Medical, Chiro and Prescription Drug	7/1/13	7/1/14	7/1/15	7/1/16	7/1/16 Self EE Monthly COM Most BUs	7/1/17 Self EE Monthly COM Most BUs*
HMSA HMO	4%	4%	4%	3%	\$381	\$465
HMSA 90/10	11	10	10	9	306	367
HMSA 80/20	44	42	40	38	209	256
Kaiser Comp	31	30	28	27	205	269
Kaiser Standard	8	12	15	19	61	65
HMSA 75/25	1	1	2	3	136	48
Supplemental	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	17	17
Total Maui County	2,002	2,020	2,034	2,000		
Percentage Change		0.9%	0.7%	-1.7%		
All Employers	51,262	51,718	51,816	51,844		
Percentage Change	0.6%	0.9%	0.2%	0.05%		

*Uses same dollar employer contribution as 7/1/16 – 6/30/2017

Retiree Enrollment – Medical & Drug (Maui)

Medical	1/1/14	1/1/15	1/1/16	1/1/17	1/1/17 Self Monthly Med & Rx
Maui Medicare					
HMSA 90/10	65%	66%	66%	67%	\$442
Kaiser Sr. Advantage	35	34	34	33	436
UHC Advantage	<u>NA</u>	<u>0.2</u>	<u>0.3</u>	<u>0.4</u>	275
Total Subscribers	854	901	952	989	
Percentage Change		5.5%	5.7%	3.9%	
Maui Non-Medicare					
HMSA 90/10	70	68	66	66	720
Kaiser Comp	<u>30</u>	<u>32</u>	<u>34</u>	<u>34</u>	720
Total Subscribers	366	371	385	393	
Percentage Change		1.4%	3.8%	2.1%	
All Maui					
Total Subscribers	1,220	1,272	1,337	1,382	
Percentage Change		4.3%	5.1%	3.4%	

Maui County Annual Costs (in millions)

Active Employees	6/30/13	6/30/14	6/30/15	6/30/16
Maui County costs				
Medical and drug	\$11.1	\$11.8	\$13.2	\$13.6
Dental	1.1	1.2	1.2	1.2
Vision	0.1	0.1	0.1	0.2
Life	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Total Maui County	12.4	13.2	14.6	15.1
Maui County increase		6.3%	10.8%	3.1%
Employee costs	<u>8.8</u>	<u>9.1</u>	<u>9.2</u>	<u>9.8</u>
Employee percentage	41.5%	40.7%	38.5%	39.3%
Total premiums	\$21.2	\$22.3	\$23.8	\$24.9
Total increase		5.0%	6.8%	4.5%

Maui County Annual Costs (in millions)

Retirees	6/30/13	6/30/14	6/30/15	6/30/16
Maui County costs				
Medical and drug	\$9.8	\$10.1	\$10.4	\$11.6
Medical and drug increase		3.5%	2.1%	11.7%
Dental	0.6	0.7	0.7	0.8
Vision	0.1	0.1	0.1	0.1
Life	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Maui County premiums	10.5	11.0	11.3	12.6
Retiree costs	0.1	0.1	0.1	0.1
Medicare Part B reimburse	<u>1.3</u>	<u>1.4</u>	<u>1.5</u>	<u>1.6</u>
Total costs	\$11.9	\$12.5	\$12.9	\$14.3
Total increase		4.8%	2.6%	11.4%

Active Premium Trend (EUTF)

EUTF Medical and Prescription Drug Plans	Premiums 1/1/12 excluding ACA and EUTF fees	Premiums 7/1/17 excluding ACA and EUTF fees	Annualized Growth (with drug)	Nat'l Trend
HMSA 90/10 medical	\$341.54	\$534.72	8.5% (9.5%*)	6.9%
HMSA 80/20 medical	325.90	426.28	5.0 (6.8*)	6.9
HMSA 75/25 medical (from 7/1/13)	307.38	285.76	-1.8 (2.3*)	6.9
HMSA HMO medical	387.86	631.62	9.3 (10.1*)	6.3
Prescription drug	60.80	128.36*	14.5*	9.0
Kaiser Comp HMO medical & drug	430.72	575.66	w/drug 5.4	See above
Kaiser Standard HMO medical & drug (from 7/1/13)	323.92	373.66	w/drug 3.6	See above

* Amount represents and percentage utilizes the composite CVS self-funded prescription drug premiums for all EUTF self-funded prescription drug plans.

Retiree Premium Trend (EUTF)

EUTF Medical and Prescription Drug Plans	Premiums 1/1/12 excluding ACA and EUTF fees	Premiums 1/1/17 excluding ACA and EUTF fees	Annualized Growth (with drug)	Nat'l Trend
Medicare				
HMSA 90/10 medical	\$175.88	\$223.86	4.9% (3.1%)	4.2%
Prescription drug	203.54	218.16	1.4	7.4
Kaiser Comp medical & drug	362.76	436.40	w/drug 3.8	w/drug 3.1
Non-Medicare				
HMSA 90/10 medical	379.24	497.24	5.6 (8.0)	6.9
Prescription drug	109.56	222.80	15.2	9.0
Kaiser Comp medical & drug	657.04	720.16	w/drug 1.8	HMO 6.3 Rx 9.0

1/1/17 Changes for Retirees

Medical Coverage

EUTF Non-Medicare and Medicare HMSA Plans

- Addition of a physical exam benefit at 100% in-network (prior to this change these plans were the only active and retiree plans without such a benefit)
- Dr. Dean Ornish program for heart disease

EUTF Kaiser Medicare Advantage Plans

- Facility hospice at 100% in-network



7/1/17 Changes for Actives

- HMSA and Kaiser medical plans – changes primarily relate to federal and state required changes to add gender identity coverage and to remove limitations (e.g. autism age and dollar and orthodontic services for orofacial anomalies age)
- CVS prescription drug plan – separating out the drug plan for the HMSA 75/25 members. Same plan benefit (i.e. copayments, coinsurance, formularies and programs).
 1. 7/1/16 - \$114.46 self, \$278.10 2-party & \$354.36 family
 2. 75/25 drug - \$53.96 self, \$131.10 2-party, & \$167.06 family
 3. Other plans - \$133.36 (60% is \$80.02), \$324.02 (60% is \$194.41) & \$412.86 (60% is \$247.72)

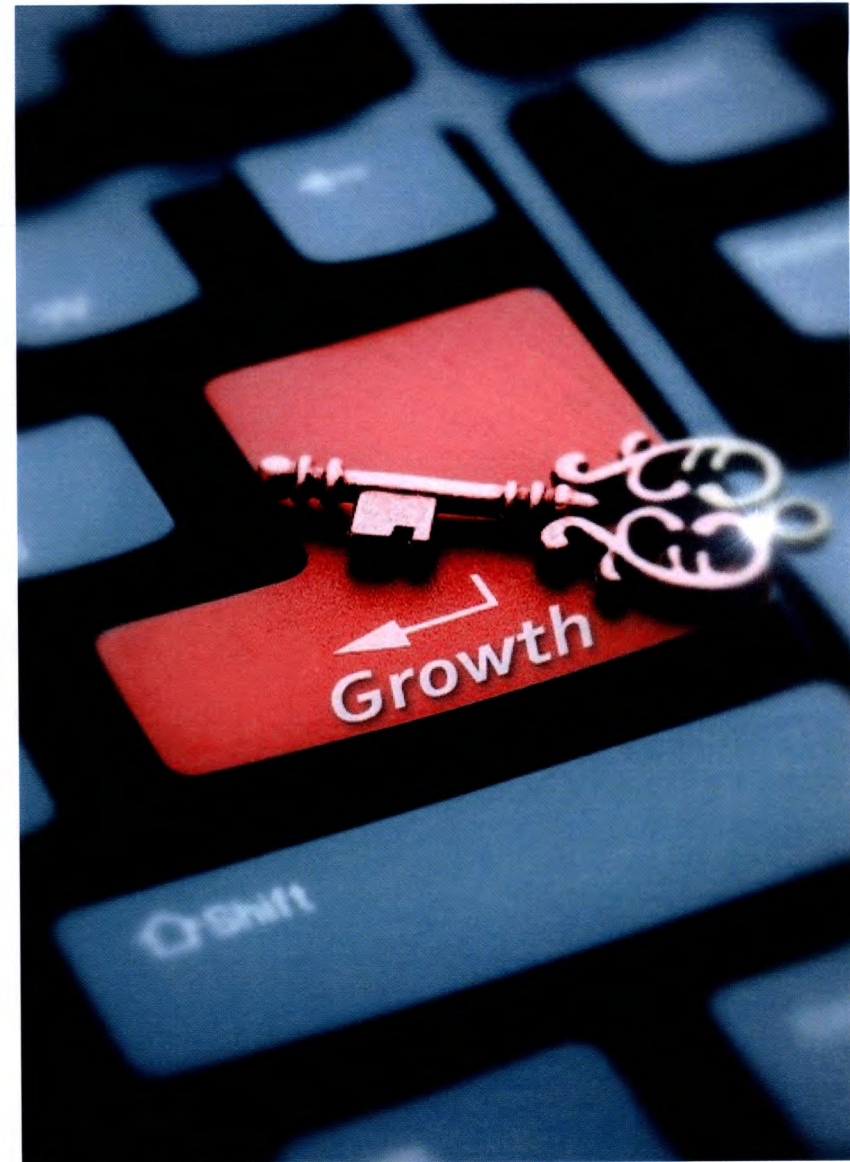
OPEB Background (Assets)

- OPEB stands for other postemployment benefits
- Generally, the State and counties have funded OPEB on a pay as you go basis
- 07/01/11 - \$149 million of county OPEB contributions were invested in a diversified investment portfolio. Pension Consulting Alliance (also consults for the ERS) has been the investment consultant since 2011.
- Act 304, SLH 2012 – allowed for the establishment of the OPEB Trust to prefund the OPEB liability and to protect the funds from creditors
- 06/30/13 – OPEB Trust established by the EUTF
- The OPEB Trust is an agent multiple employer trust. Each individual employer's assets, liabilities, contributions and risks are segregated and accounted for individually
- The ERS is a cost sharing multiple employer trust. All assets, liabilities, contributions and risks are commingled.

OPEB Assets

Growth from two main sources:

1. Contributions from employers
2. Investment returns



OPEB Assets – Contributions

- Pay as you go versus annual required contribution (ARC)
- The ARC is comprised of the normal cost and amortization of the unfunded liability over a period of 30 years
- Act 268, SLH 2013 requires the employers to fully fund the ARC beginning in FY 18-19 (phase in began FY 14-15).
- As of 2/28/17, the OPEB Trust is at \$1.72 billion
- Projected to increase in 5 (6/30/21) and 10-years (6/30/26) to \$4.1 billion and \$8.4 billion, respectively.

County of Maui Retiree Health Care Plan
Actuarial Valuation – July 1, 2015

Section C

Scenario 2 - Minimum Contribution Required by ACT 268

Over the next 22 years, the additional cost of prefunding is \$229.9 million.

However, at the end of the prefunding period, the County of Maui's projected assets are \$1.22 billion.

Fiscal Year Ending	Payroll	Actuarial Accrued Liability (AAL)	Beginning of Year Assets	Unfunded AAL (UAAL)	Funded Ratio	Annual Required Contribution	Actual Contribution	Contribution as % of Payroll	Benefit Payment Total	Benefits as % of Payroll	Additional Cost of Prefunding	Net OPEB Obligation*
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
2016	\$ 165,229,000	\$ 445,988,000	\$ 148,983,000	\$ 297,003,000	33.4%	\$ 29,229,000	\$ 19,885,000	12.1%	\$ 13,913,000	8.4%	\$ 5,972,000	\$ (3,308,000)
2017	170,580,000	474,354,000	165,753,000	308,601,000	34.9%	31,778,000	25,309,000	14.8%	15,606,000	9.1%	9,703,000	6,019,000
2018	176,356,000	503,654,000	187,398,000	316,256,000	37.2%	32,891,000	29,775,000	16.9%	17,309,000	9.8%	12,466,000	N/A
2019	182,565,000	533,650,000	213,418,000	320,232,000	40.0%	34,595,000	34,595,000	18.9%	18,973,000	10.4%	15,622,000	N/A
2020	188,948,000	564,450,000	244,526,000	319,924,000	43.3%	35,787,000	35,787,000	18.9%	20,905,000	11.1%	14,882,000	N/A
2021	195,377,000	595,851,000	277,046,000	318,805,000	46.5%	37,215,000	37,215,000	19.0%	22,957,000	11.8%	14,258,000	N/A
2022	202,096,000	627,805,000	311,197,000	316,608,000	49.6%	38,542,000	38,542,000	19.1%	25,186,000	12.5%	13,356,000	N/A
2023	209,199,000	660,201,000	346,804,000	313,397,000	52.5%	39,929,000	39,929,000	19.1%	27,210,000	13.0%	12,719,000	N/A
2024	216,588,000	693,314,000	384,245,000	309,069,000	55.4%	41,368,000	41,368,000	19.1%	29,175,000	13.5%	12,193,000	N/A
2025	224,169,000	727,292,000	423,762,000	303,530,000	58.3%	42,868,000	42,868,000	19.1%	31,202,000	13.9%	11,666,000	N/A
2026	231,972,000	762,162,000	465,500,000	296,662,000	61.1%	44,449,000	44,449,000	19.2%	33,212,000	14.3%	11,237,000	N/A
2027	240,051,000	798,042,000	509,715,000	288,327,000	63.9%	46,087,000	46,087,000	19.2%	35,344,000	14.7%	10,743,000	N/A
2028	248,264,000	834,918,000	556,514,000	278,404,000	66.7%	47,815,000	47,815,000	19.3%	37,618,000	15.2%	10,197,000	N/A
2029	256,911,000	872,760,000	606,024,000	266,736,000	69.4%	49,644,000	49,644,000	19.3%	40,026,000	15.6%	9,618,000	N/A
2030	266,070,000	911,552,000	658,400,000	253,152,000	72.2%	51,550,000	51,550,000	19.4%	42,478,000	16.0%	9,072,000	N/A
2031	275,595,000	951,371,000	713,878,000	237,493,000	75.0%	53,547,000	53,547,000	19.4%	44,928,000	16.3%	8,619,000	N/A
2032	285,485,000	992,337,000	772,770,000	219,567,000	77.9%	55,648,000	55,648,000	19.5%	47,382,000	16.6%	8,266,000	N/A
2033	295,896,000	1,034,586,000	835,419,000	199,167,000	80.7%	57,845,000	57,845,000	19.5%	49,956,000	16.9%	7,889,000	N/A
2034	306,827,000	1,078,146,000	902,064,000	176,082,000	83.7%	60,146,000	60,146,000	19.6%	52,450,000	17.1%	7,696,000	N/A
2035	318,185,000	1,123,254,000	973,174,000	150,080,000	86.6%	62,556,000	62,556,000	19.7%	54,844,000	17.2%	7,712,000	N/A
2036	330,022,000	1,170,184,000	1,049,278,000	120,906,000	89.7%	65,077,000	65,077,000	19.7%	57,240,000	17.3%	7,837,000	N/A
2037	342,405,000	1,219,128,000	1,130,839,000	88,289,000	92.8%	67,709,000	67,709,000	19.8%	59,708,000	17.4%	8,001,000	N/A
2038	355,279,000	1,270,222,000	1,218,279,000	51,943,000	95.9%	35,523,000	35,523,000	10.0%	62,356,000	17.6%	(26,833,000)	N/A
2039	368,860,000	1,323,498,000	1,275,786,000	47,712,000	96.4%	37,177,000	37,177,000	10.1%	65,051,000	17.6%	(27,874,000)	N/A
2040	383,109,000	1,379,140,000	1,336,241,000	42,899,000	96.9%	38,905,000	38,905,000	10.2%	67,754,000	17.7%	(28,849,000)	N/A
2041	397,867,000	1,437,378,000	1,399,919,000	37,459,000	97.4%	38,528,000	38,528,000	9.7%	70,509,000	17.7%	(31,981,000)	N/A
2042	413,018,000	1,498,413,000	1,464,813,000	33,600,000	97.8%	40,340,000	40,340,000	9.8%	73,367,000	17.8%	(33,027,000)	N/A
2043	428,619,000	1,562,408,000	1,533,167,000	29,241,000	98.1%	42,233,000	42,233,000	9.9%	76,450,000	17.8%	(34,217,000)	N/A
2044	444,672,000	1,629,423,000	1,605,074,000	24,349,000	98.5%	44,217,000	44,217,000	9.9%	79,624,000	17.9%	(35,407,000)	N/A
2045	461,139,000	1,699,657,000	1,680,782,000	18,875,000	98.9%	46,291,000	46,291,000	10.0%	82,890,000	18.0%	(36,599,000)	N/A
2046	477,939,000	1,773,330,000	1,760,557,000	12,773,000	99.3%	48,461,000	48,461,000	10.1%	86,295,000	18.1%	(37,834,000)	N/A
2047	495,124,000	1,850,633,000	1,844,638,000	5,995,000	99.7%	45,846,000	45,846,000	9.3%	89,764,000	18.1%	(43,918,000)	N/A

*The Net OPEB Obligation (NOO) is as of the beginning of the fiscal year. GASB 75, which will be effective for FYE18, will require balance sheet recognition of the Net OPEB Liability. The projection includes liabilities for future employees.

OPEB Assets – Investment Returns

- Investment hurdle: 7.0%
- Historical returns
 1. 07/01/11 – 06/30/12: 5.9%
 2. 07/01/12 – 06/30/13: 9.4
 3. 07/01/13 – 06/30/14: 15.3
 4. 07/01/14 – 06/30/15: 3.1
 5. 07/01/15 – 06/30/16: 2.6
 6. 07/01/16 – 03/31/17 (preliminary) 6.6
 - 07/01/11 – 06/30/16 (annualized): 7.1
- EUTF Investment Officer hired in August 2016 (2015 legislature)
- Act 030, SLH 2016 expanded the EUTF's permissible investments. The asset allocation was updated increasing expected returns to 7.3% from 6.4% while reducing risk, 10.9% standard deviation from 11.4%.
- With the growth in assets, lowered investment management fees from 22 basis points (0.22%) to 14 basis points (0.14%).

OPEB Assets – Investment Returns (continued)

Strategy	Investment Vehicle	Previous	Revised
Global Equity	Passive commingled	43%	38%
Private Equity			
Private Equity	Active separate funds	-	10
U.S. Microcap	Active separate	9	7
Real Estate			
Private RE	Active separate funds	-	10
REITs	Passive separate	16	6
Global Options	Active separate	-	7
Diversifying			
U.S. Fixed Income	Passive commingled	15	3
U.S. Treasuries	Passive separate	-	7
Trend Following	Active separate/comm.	-	7
TIPS	Active commingled	17	5

OPEB Background (Liability)

- Last actuarial valuation conducted as of 07/01/15. Next one scheduled as of 07/01/17.
- Assumptions
 1. Utilizes the same assumptions as the ERS valuation on mortality, termination rates, retirement rates
 2. Future health benefit inflation
 3. Discount or investment return rate of 7%
- Actuarial accrued liability equals the present value of the projected employer contributions to health benefit premiums for current retirees, deferred inactive retirees and current employees (based on service earned to date).
- ERS 5-year study resulted in longer life expectancies which will increase the actuarial accrued liability (AAL) by approximately \$480 million or 3.8%. However, 1/1/17 retiree medical and prescription drug increases were lower than projected.

OPEB Background (Liability) (continued)

As of 7/1/15 (millions)	State	CCON	COH	COM	COK	BWS	H-DWS	K-DWS	HART	All
Actuarial accrued liability (AAL)	\$9,287	\$2,009	\$467	\$446	\$221	\$137	\$29	\$15	\$4.6	\$12,616
Market value of assets	221	243	92	149	71	51	12	6	0.1	844
Unfunded AAL (UAAL)	9,066	1,766	375	297	150	86	17	9	4.5	11,772
Funded ratio	2.4%	12.1%	19.6%	33.4%	32.0%	37.0%	40.2%	40.4%	2.1%	6.7%
FY2018 ARC	\$770	\$167	\$38	\$33	\$16	\$8	\$2	\$1	\$0.6	\$1,036
FY2018 pay as you go	399	88	19	17	9	7	1	0.6	0.1	541
FY2018 Act 268 (80%)	297	63	15	12	6	1	0.6	0.3	0.4	396
02/28/17 Mkt value	854	362	117	199	96	70	14	7.2	0.3	1,719

EUTF Retiree Benefit

- The employer contribution is based on the base monthly contribution or BMC (HRS 87A 33-36). The BMC increases at the same rate that Medicare Part B premiums increase.
- The employer contributes a percentage of the BMC based on the hire date and years of service.
- The Medicare Part B premium reimbursement is not dependent on hire date, years of service and whether they are enrolled in plans. This represents 17% of the OPEB liability.

EUTF Retiree Benefit

Hire Date and Years of Service	Employer Contribution %age of BMC
1) Hired prior to 7/1/96	
< 10 years	50%
10 or more years	100%
2) Hired after 6/30/96 and before 7/1/01	
< 10 years	0%
10-14 years	50%
15-24 years	75%
25 or more years	100%
3) Hired after 6/30/01	

Same as 06/30/96-7/1/01 hires but self only coverage

Surviving spouses of retirees step into the place of the retiree as long as they do not enter into another marriage or domestic partnership. For hires after 6/30/01, the surviving spouse receives ½ of the deceased retiree's benefit .

EUTF Retiree Benefit

As of 1/1/17	Kaiser	HMSA	UHC	100% BMC*	75% BMC*	50% BMC*
<u>Medicare (including medical, Rx, dental and vision)</u>						
Self	\$479	\$485	\$318	\$670	\$503	\$335
2-Party	935	945	623	1,343	1,007	672
Family	1,365	1,380	NA	1,956	1,467	978
<u>Non-Medicare (including medical, Rx, dental and vision)</u>						
Self	\$763	\$763	NA	\$941	\$706	\$470
2-Party	1,538	1,486	NA	1,896	1,422	948
Family	2,248	2,183	NA	2,775	2,081	1,388

Ways to Address the AAL

1. Cleaning up enrollment
2. Reducing the health benefits claims trend
3. Cost shifting from the employers to the retirees
 - Shifting more premiums to the retirees
 - Shifting more out-of-pocket costs to the retirees
4. Medicare Part B reimbursements

Cleaning Up Enrollment

1. Completed projects

- Medicare Savings Program – estimated savings \$358,758 annually
- Retiree dependents (student certifications) – estimated savings \$3.3 million annually
- Adult disabled children – estimated savings of \$210,000 annually
- Kaiser Permanente Senior Advantage plan (KPSA) – estimated savings of \$1.7 million annually
- Validation of deaths – estimated savings \$214,000 annually

Cleaning Up Enrollment (continued)

2. Future audits

- Another Medicare Savings Program audit
- Verification that Medicare retirees are enrolled in the EUTF Medicare Part D (EGWP) plan.
- Identification and removal of surviving spouses who have remarried.
- Identification and removal of ex-spouses.
- Identification and removal of any retirees who have returned to State or county employment

3. Claims audits

4. EUTF Benefits Audit Specialist hired November 2016 (2016 legislature)

Reducing the Health Benefits Claims Trend (continued)

1. Price inflation

- HMSA payment transformation

2. Utilization

- Education on how to use the benefits – e.g. mail order and generic drug, emergency room utilization and advanced care planning.
- Plan design – addition of annual physical examination benefit at 100%, the Dr. Dean Ornish program and advanced care planning
- Disease management programs
- Wellness programs

Shifting More Premiums to the Retirees

1. Over the years the legislature has reduced the benefits for new employees, most recently for new hires after 6/30/01.
 - Tier 1 (pre 7/1/96) retirees to Tier 2 (7/1/96 – 6/30/01) retirees was a 24% reduction in benefits.
 - Tier 2 retirees to Tier 3 (7/1/01 and later) was a 29% reduction in benefits.
 - Tier 3 normal cost is approximately 7% of payroll with a longer term rate of 10% of payroll.
2. The BMC serves as a cap on the employer contributions for retiree premiums and has the potential to serve as a cap on the carriers premiums. The BMC increases with Medicare Part B premiums. However, the cap was increased by the legislature effective 1/1/14.

Shifting More Out-Of-Pocket Costs to the Retiree

- Dannenberg lawsuit
- Recent changes to enhance retiree benefits –colonoscopy screenings for non-Medicare HMSA retirees, increase in the retiree dental maximum and annual physical examinations for HMSA retirees.
- UHC Medicare Advantage plan with a lower benefit.

Medicare Part B Reimbursements

1. Eliminate income adjustments to the Medicare Part B reimbursements (estimated \$87.5 million reduction in the AAL).
2. Eliminate reimbursements of spouses of self only retirees (limited savings currently but in the future, this could comprise a quarter of the Medicare Part B portion of the AAL or \$539 million)



Thank you
