



Retiree Health Benefits
Eligibility Handbook
Tier 3C Retirees

Eugene Water & Electric Board
Human Resources Department

A NOTE TO ALL EWEB RETIREES

This booklet describes eligibility for health insurance coverage and EWEB premium subsidies effective January 1, 2003, or the date after that on which your retiree health benefits become effective.

It is every retiree's and/or retiree dependent's responsibility to read and understand the eligibility rules as described, as well as the limitations and exclusions.

This is intended to be a summary only. All benefits, policies, procedures, etc. are explained in greater detail in the EWEB HR/Benefits manuals, member handbooks, and other legal plan documents.

Neither this booklet nor any other benefit documents constitute an employment agreement.

EWEB reserves the right to change for current or future retirees the conditions for eligibility and entitlement for benefits, insurance carriers, benefit options, levels of coverage offered and the amount of required premium contributions at any time. Subject to Oregon statutory rules, EWEB further reserves the right to discontinue the benefit programs at any time. Both EWEB and PERS are affected by state and federal legislation that can change the coverage, guidelines, and/or structure under which we operate our benefits program.

DEFINITIONS

Active Employee: Anyone classified for all purposes by EWEB as an employee, actively engaged in performing services for EWEB, regularly scheduled to work 20 or more hours per week, not classified as a temporary, seasonal, substitute, or independent contractor regardless of whether that status is later retroactively re-determined.

Adjusted Retiree Contribution: The actual monthly dollar amount paid by retiree (reflects annual insurance premium trend increases plus additional premium costs assumed by the retiree as a result of the cap).

Cap Index: The estimated percent change in premiums insurance plans will incur over the next 20 years (as calculated by AON actuaries in 2002). The cap index starts at 12.5% in 2004, and decreases by ½% per year to 6% in 2017, and remains at 6% each year thereafter.

COBRA (Oregon or Federal): Legally mandated group plan coverage continuation for a specified period of time. COBRA participants may have different enrollment rights than EWEB Group Retiree Health Plan members.

Continuous Employment: An active employee establishes continuous employment if there is no break in service from original date of hire until date of retirement.

Dependent(s): Eligible spouse, domestic partner, and/or children of an enrolled retiree or surviving spouse.

Domestic Partner: An individual who lives together with the retiree in a spousal equivalent relationship and meets the other requirements of domestic partnership as defined in the Domestic Partner Affidavit. Domestic partners are eligible for the same coverage and premium subsidies as legal spouses if an Affidavit of Domestic Partnership is completed.

EWEB Actual Contribution: The actual monthly dollar amount paid by EWEB (never to exceed the cap, but may be lower than the cap in years when trend is lower than projected).

EWEB Group Retiree Health Plan: The plan that provides to eligible retirees and their eligible dependents the same EWEB medical, dental, vision and Rx coverage as provided to active employees.

EWEB Initial Premium Contribution: The monthly dollar amount paid by EWEB for Medical coverage only for the plan year January 1, 2003 – December 31, 2003 (the starting point for calculating future EWEB maximum contributions, i.e. the cap).

EWEB Maximum Premium Contribution (also “cap”): The maximum monthly dollar contribution to be paid by EWEB (effective 1/1/2004).

EWEB YOS (Years of Service) %: The EWEB percent contribution toward total actual premiums according to the Years of Service Table.

Medicare Eligible: A retiree, dependent or surviving spouse who is over age 65 or otherwise entitled to Medicare according to the rules established by the Federal Social Security Administration.

Member(s): All individuals who are enrolled in an insurance plan.

Non-Medicare Eligible: A retiree, dependent or surviving spouse who is not eligible for Medicare according to Federal Medicare rules.

PERS Health Plan: Any supplemental Medicare health plan offered by PERS for which an EWEB retiree, surviving spouse or dependent qualifies. Medical and prescription coverage are bundled together (some plans also include vision coverage). Dental coverage is elected separately and has a separate premium.

Premium: The dollar amounts that EWEB, retirees, dependents and and/or surviving spouses are responsible for paying to continue insurance coverage.

Retiree: An employee of EWEB who has retired from service or is no longer actively employed due to disability, and who is eligible to receive retirement benefits under the Public Employees Retirement System (PERS) or any other retirement system or plan to which contributions were paid by EWEB on the employee's behalf. (See PERS Member Handbook for retirement eligibility criteria.)

Retiree Contribution Ratio: The minimum percentage of future premiums the retiree will pay (actual retiree cost may be higher as a result of the cap).

Retiree Initial Premium Contribution: For those who retired prior to 1/1/2003, this is the monthly dollar amount paid by the retiree for group medical insurance (as determined in the year he/she retired). For those who retired on or after 1/1/2003, this is the monthly dollar amount paid by the retiree in the year they retired.

Retiree Minimum (Trended) Contribution: The minimum monthly dollar amount the retiree will pay (reflects premium trend increases incurred by the plan).

Retiree YOS (Years of Service) %: The retiree percent contribution toward total actual premiums according to the Years of Service Table.

Surviving Spouse: A legally married surviving wife or husband of an EWEB retiree.

Total Actual Premium: The actual monthly premium charged by the insurance carrier.

Total Projected Premium: The total monthly premium that would be charged by the insurance company if actual trend equals the cap index.

Trend: The actual percent increase (or decrease) incurred by the insurance plan from one year to the next.

Years of Service (YOS) Table: Adopted in 1989 to calculate EWEB/Retiree health insurance premium subsidies for all retirees after 1994 (Tier 3 and Tier 4). The minimum years of service to receive any subsidy from EWEB is 11 years. EWEB premium subsidy increases each year to a maximum of 75% for 21 or more years of EWEB service.

EWEB RETIREE TIERS

EWEB retirees belong to one of the following four Tiers:

Tier 1 retirees are those who meet BOTH of the following requirements:

- Retired prior to January 1, 1990 AND
- Over age 65 or Medicare eligible prior to January 1, 1990

Tier 2 retirees are those who:

- Were under age 65 at January 1, 1990 OR
- Retired between January 1, 1990 – December 31, 1993

Tier 3A retirees are those who meet EITHER of the following requirements:

- Hired before 1/1/90, and retired on or after January 1, 1994 and before 9/1/2008;
OR
- Hired (or re-hired) as a regular or limited duration employee on or before December 31, 1989, and maintains continuous employment with EWEB until retirement.

Tier 3B retirees are those who meet the following requirements:

- Hired between 1/1/90, and 12/31/1993, who are eligible to retire on or before December 31, 2013.
- Maintains continuous employment with EWEB until retirement.

Tier 3C retirees are those who meet the following requirements:

- Hired between 1/1/90, and 12/31/1993, who are not eligible to retire prior to December 31, 2013.
- Hired between 1/1/94 and 12/31/2002.
- Maintains continuous employment with EWEB until retirement.
- Retired employees hired between 1/1/94 and 12/31/2002, who retired before 9/1/08.

Tier 4 retirees are:

- Those who were hired (or re-hired) as regular or limited duration employees on or after January 1, 2003, and maintains continuous employment with EWEB until retirement.

EWEB retiree Tiers for the purposes of health insurance benefits are separate and unrelated to PERS tiers for the purposes of pension benefits.

SUMMARY OF TIER 3C COVERAGE

	Coverage	Non-Medicare Eligible		Medicare Eligible	
		Plan	EWEB Subsidy?	Plan	EWEB Subsidy?
Retirees	Medical	EWEB Group, until M.E.	Yes	PERS	Yes
	Dental	EWEB Group, until M.E.	No	PERS	No
	Vision	EWEB Group, until M.E.	No	PERS	No
Spouses of Non-M.E. Retirees	Medical	EWEB Group, until M.E.	Yes	PERS	No
	Dental	EWEB Group, until M.E.	No	PERS	No
	Vision	EWEB Group, until M.E.	No	PERS	No
Children of Non-M.E. Retirees	Medical	EWEB Group, until eilig. ends	Yes	PERS	No
	Dental	EWEB Group, until eilig. ends	No	PERS	No
	Vision	EWEB Group, until eilig. ends	No	PERS	No
Spouses of M.E. Retirees	Medical, Dental and Vision	EWEB Group, until M.E.	No	PERS	No
Children of M.E. Retirees	Medical, Dental and Vision	EWEB Group, until eilig. ends	No	PERS	No
Surviving Spouses of Retirees	Medical	EWEB Group, until M.E.	Yes	PERS	No
	Dental	EWEB Group, until M.E.	No	PERS	No
	Vision	EWEB Group, until M.E.	No	PERS	No
Surviving Children of Retirees	Medical	EWEB Group, until eilig. ends	Yes	PERS	No
	Dental	EWEB Group, until eilig. ends	No	PERS	No
	Vision	EWEB Group, until eilig. ends	No	PERS	No
Divorced Spouses of Retirees	Medical, Dental and Vision	Pre-55: EWEB Group/COBRA 36 mos	No	N/A	No
		Post-55: EWEB Group, until M.E.			

Notes:

1. M.E. – Medicare Eligible
2. Dependent children eligible until age 26.
3. Active employees who die and were eligible to retire at the time of death are considered “retirees” for the purposes of the EWEB Group Retiree Health Plan.

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4. Domestic partners are eligible for the same coverage and premium subsidies as legal spouses if an Affidavit of Domestic Partnership is completed.
5. This table is designed to be a quick reference. Consult the Retiree Health Benefits Eligibility Handbook for definitions and details.
6. EWEB reserves the right to alter the benefits described in this booklet, including the level of coverage, eligibility and/or contributions at any time. EWEB further reserves the right to terminate the retiree health plan at any time, subject to applicable law.

EWEB GROUP RETIREE HEALTH PLAN

This section applies to non-Medicare eligible Tier 3C retirees, dependents and surviving dependents.

Non-Medicare Eligible refers to a retiree or dependent who is not qualified or entitled to Medicare according to the rules established by the Federal Social Security Administration.

EWEB Group Retiree Health Plan is the same EWEB medical, dental, vision and Rx plans as provided to active employees.

Retirees and/or dependents who are eligible for Medicare should refer to the section on Medicare Supplement Plan.

ELIGIBILITY

Retirees

Subject to the terms of the plan, retirees are eligible to continue coverage under the EWEB Group Retiree Health Plan without interruption, until eligible for Medicare, as long as an application for coverage is submitted to the EWEB benefits office within 60 days of retirement.

A retiree is an employee of EWEB who has either retired from service or is no longer actively employed due to disability, and who is eligible to receive retirement benefits under the Public Employees Retirement System (PERS).

Active employees who were eligible to retire at the time of death are considered “retirees” for the purposes of EWEB health insurance benefits.

Dependents of Retirees

The following individuals are eligible for coverage under the EWEB Group Retiree Health Plan:

- Retiree’s legal spouse, until eligible for Medicare
- Retiree’s qualified domestic partner, until eligible for Medicare
- Eligible children of the retiree, the retiree’s legal spouse, or the retiree’s qualified domestic partner, until the sooner of: (1) age 26; (2) the child enters military service, or (3) the child becomes eligible for Medicare.

Note: Dependents cannot enroll in the EWEB Group Retiree Health Plan separate from the retiree. The eligible retiree must enroll in the Group Retiree Health Plan in order for dependents to be eligible for coverage.

Surviving Dependents of Retirees

When a retiree passes away, the surviving spouse, domestic partner, and/or children may be eligible for insurance benefits.

Surviving dependents of active employees who were eligible to retire when they died are granted the same health benefits as surviving dependents of retirees.

Surviving Spouses/Domestic Partners of Retirees

Surviving spouses/domestic partners may continue coverage under the EWEB Group Retiree Health Plan until eligible for Medicare. Group Retiree Health Plan coverage terminates if the surviving spouse becomes covered under another group health plan (e.g. through new employment or marriage) or becomes eligible for Medicare. If the surviving spouse re-marries, the new spouse is not eligible for EWEB group coverage.

Surviving Children of Retirees

Surviving children are eligible for coverage under the EWEB Group Retiree Health Plan until the sooner of: (1) age 26; (2) the child enters military service, or (3) the child becomes eligible for Medicare. When group plan eligibility ends, surviving children will be offered Federal COBRA continuation for up to 36 months. If the child becomes covered under another group plan during the COBRA continuation period, EWEB Group Retiree Health Plan coverage terminates.

Medicare eligible surviving dependents of active employees who were eligible to retire at the time of death may continue coverage under the EWEB Group Retiree Health Plan through Federal COBRA for up to 36 months. At the end of the COBRA continuation period, or in place of COBRA continuation, the surviving dependents may elect coverage under the PERS health plan.

ACCEPTING EWEB GROUP COVERAGE AT RETIREMENT

Eligible retirees and dependents are entitled to coverage either under the EWEB Group Retiree Health Plan or COBRA continuation, but not both. Accordingly, coverage under the EWEB Group Retiree Health Plan is not available unless the eligible retiree, and if applicable, the spouse and dependents of the eligible retiree, decline or otherwise fail to timely elect COBRA continuation coverage.

Retiring employees may enroll eligible dependents in the EWEB Group Retiree Health Plan at the time of retirement.

Effective January 1, 2004, plan selections are not bundled and may be elected separately. A retiree may elect the following coverage for him/herself and his/her eligible dependents: Medical (includes Rx), Vision and/or Dental

The coverage for enrolled dependents must match the coverage for the retiree.

Example 1: If a retiree elects only medical coverage for himself (i.e. declines dental and vision coverage), his dependents (if enrolled) may elect only medical coverage.

Example 2: If a retiree elects medical, dental and vision coverage for herself, her dependents (if enrolled) must elect all three plans as well (i.e. medical, dental and vision).

DECLINING EWEB GROUP RETIREE HEALTH PLAN COVERAGE

If, at the time of retirement or any day thereafter, a retiree declines or drops Group Retiree Health Plan coverage for him/herself and/or dependents, that decision is irrevocable. Upon retirement, the retiree and/or dependents will be offered COBRA continuation coverage for a period of 18-months. If a member declines Group Retiree Health Plan coverage and instead elects COBRA continuation coverage, there is no subsidy from EWEB.

DISABILITY RETIREMENTS

If an EWEB employee qualifies for a PERS Disability retirement and subsequently ends his/her employment relationship with EWEB due to this qualification, the employee and his/her dependents may remain on the EWEB Group Retiree Health Plan until eligible for Medicare, or until no longer disabled (i.e. no longer qualifies for PERS disability). EWEB will consider these circumstances a “retirement” and allow the employee to receive retirement benefits based on his/her Tier and years of service. Retirees are required to notify EWEB of:

- The effective date of Medicare eligibility, or
- The effective date of PERS disability termination

If an employee is terminated for reasons such as sub-standard performance, misconduct, or voluntary resignation, and then later is approved for a PERS disability retirement, the employee is not entitled to retirement benefits, but rather the employee will be offered COBRA continuation instead.

WHEN ELIGIBILITY ENDS

Eligibility for the EWEB Group Retiree Health Plan ends when:

- A member becomes eligible for Medicare
- A dependent child reaches age 26, becomes eligible for Medicare, or enters the military
- For the legal spouse of a retiree, the day in which a decree of divorce is granted
- For the domestic partner of a retiree, the day in which the domestic partnership is terminated

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- A member dies
- A member voluntarily ends coverage for him/herself and/or his/her dependents
- A surviving spouse becomes covered under another group health plan (e.g. through new employment or marriage)
- A member no longer qualifies for PERS Disability Retirement
- The contract between EWEB and the group insurance carrier is terminated

When a member loses eligibility for the EWEB Group Retiree Health Plan, the member is responsible for notifying EWEB within 30 days of the date eligibility ends.

If a member fails to notify EWEB when Group Retiree Health Plan eligibility has ended, the member could be responsible for:

- Re-payment of claims that were paid by the Group insurance carrier after eligibility ended
- Re-payment of premium contributions made by EWEB after eligibility ended
- Loss of a right to elect possible COBRA continuation coverage

WHEN YOU BECOME ELIGIBLE FOR MEDICARE

EWEB Group Retiree Health Plan coverage is only available to retirees and dependents who are not eligible for Medicare. When a retiree, dependent or surviving dependent becomes eligible for Medicare, EWEB Group Retiree Health Plan coverage ends for the Medicare eligible member(s). (Non-Medicare eligible enrolled members may continue coverage in accordance with guidelines described under Eligibility for EWEB Group Retiree Health Plan.)

A member is considered eligible for Medicare when he/she qualifies or is entitled to Medicare according to the rules established by the Federal Social Security Administration (SSA).

Medicare is a federally sponsored insurance program, separate from any health plans that are offered or subsidized by EWEB.

In most cases, Medicare eligible members will have the option to enroll in a PERS Medicare Supplement Plan. Coverage under the EWEB Group Retiree Health Plan ends and PERS coverage begins the first of the month in which the retiree or dependent becomes eligible for Medicare.

Medicare has three parts:

- Part A (hospital insurance)
- Part B (medical insurance)
- Part D (prescription drug insurance)

Retirees and/or dependents who are eligible for Medicare are strongly advised to enroll in Medicare (Parts A and B) because:

1. EWEB Group Retiree Health Plan benefits terminate when a member becomes Medicare eligible, even if the member does not enroll in Medicare.
2. According to PERS Health Plan guidelines, members must be enrolled in both parts of Medicare (A and B) to qualify for coverage.

Retirees and dependents should contact PERS and Medicare to understand eligibility and enrollment guidelines.

BENEFITS FOR MEDICARE ELIGIBLE MEMBERS

This section applies to Medicare eligible Tier 3C retirees, dependents and surviving dependents.

Under current SSA rules, Medicare Eligible individuals are:

- Over age 65 individuals who are receiving, or are eligible to receive full or reduced Social Security Retirement Benefits
- Under age 65 individuals who have received Social Security disability benefits for 24 months
- Most under age 65 individuals who are kidney dialysis or kidney transplant patients

The PERS Health Insurance Program offers a selection of medical and dental plans for Medicare eligible members. Some are available only in limited locations. Members may choose the PERS plan that best suits their coverage needs.

PERS medical includes prescription drug coverage. Some PERS medical plans also include vision coverage. PERS dental coverage is offered separate from the medical plan and has a separate premium.

EWEB pays a partial subsidy for a retiree's PERS medical coverage. There is no EWEB subsidy for PERS dental coverage.

ELIGIBILITY

The following information has been extracted from the PERS Health Insurance Program Member Handbook. Retirees and dependents are encouraged to contact PERS for more information or with any questions or concerns regarding eligibility.

The categories of "eligible persons" are as follows:

1. An eligible retiree means a PERS member who is receiving a service or disability retirement allowance or benefit under PERS or who received an optional lump sum payment.
2. An eligible spouse means the spouse of an eligible retiree
3. An IRS-eligible, dependent domestic partner refers to a person who has a relationship with and resides with a PERS retiree; the PERS retiree is providing more than one-half the financial support for the person and has claimed that person on his or her most recent federal tax return.
4. An eligible surviving spouse, dependent domestic partner or dependent means:
 - A. The surviving spouse, dependent domestic partner or dependent of a deceased retired PERS member, or
 - B. The surviving spouse, dependent domestic partner or dependent of a deceased PERS member who was not retired but who was eligible to retire at the time of death.

5. An eligible dependent means a dependent child who satisfies one of the requirements listed in subsections (a), (b), (c), (d) that follow:
- a. The child is less than 26 years of age;
 - b. An eligible dependent may also be someone who is 26 years of age or older and has either been continuously dependent upon the retiree since childhood because of a disability or physical handicap or has been covered under a healthcare insurance plan as the retiree's dependent for at least 24 consecutive months immediately before enrollment in a PERS-sponsored health insurance plan. In either case, the following additional requirements must also be satisfied:
 - (1) The child is not able to achieve self-support through his or her work due to developmental disability, mental retardation or physical handicap as verified by a physician and accepted by the carrier, and
 - (2) The incapacity is continuous and began prior to the date the child would otherwise have ceased to be an eligible dependent.
 - (3) The child is legally adopted or placed in the home pending adoption. Legal custody or guardianship does not apply.

Note: The PERS Health Insurance Program requires all Medicare-eligible members and eligible dependents to be enrolled in both Part A and Part B of Medicare. Enrollment in a PERS-sponsored medical plan includes enrollment in the Medicare D Pharmacy Plan. Be sure to contact Social Security three months prior to turning 65 to ensure proper enrollment in Medicare if you are NOT drawing Social Security or disability benefits at that time.

PAYMENT OF PREMIUMS

This section applies to both non-Medicare and Medicare eligible members.

EWEB CONTRIBUTIONS TO PREMIUMS

EWEB may provide a partial subsidy toward insurance premiums. The following table summarizes who is eligible for a premium subsidy.

<i>Non-Medicare Eligible Members</i>	RECEIVE PREMIUM SUBSIDY FROM EWEB?	
	<i>Group Medical</i>	<i>Group Dental & Vision</i>
Retirees	Yes	No
Dependents of Non-Medicare Eligible Retirees	Yes	No
Dependents of Medicare Eligible Retirees	No	No
Surviving Dependents of Retirees	Yes	No

<i>Medicare Eligible Members</i>	RECEIVE PREMIUM SUBSIDY FROM EWEB?	
	<i>PERS Medical¹</i>	<i>PERS Dental</i>
Retirees	Yes	No
Dependents of Retirees	No	No
Surviving Dependents of Retirees	No	No

¹PERS Medical includes prescription coverage. Some PERS medical plans also include vision coverage.

For Tier 3C retirees, the EWEB subsidy toward a dependent's premiums ends when:

- The retiree becomes Medicare eligible
- The dependent child reaches age limit maximum (currently age 26) or goes in military;
- The dependent becomes Medicare eligible
- The surviving spouse becomes Medicare eligible
- The surviving dependent child becomes Medicare eligible.

When any of these events occur, the EWEB dependent premium subsidy ends and EWEB continues to subsidize only the retiree medical premium. If the retiree is non-Medicare eligible, the subsidy is applied to the EWEB group medical premium. If the retiree is eligible for Medicare, the subsidy is applied to the PERS medical premium.

Example 1: Retiree becomes Medicare eligible before the spouse

Medicare Eligible RETIREE COVERAGE	PERS Medical, Single Coverage	EWEB pays partial subsidy toward premium.
	PERS Dental, Single Coverage	Retiree pays full premium
Non-Medicare SPOUSE COVERAGE	Group Medical, Single Coverage	Retiree pays full premium
	Group Dental, Single Coverage	Retiree pays full premium
	Group Vision, Single Coverage	Retiree pays full premium

Example 2: Spouse becomes Medicare eligible before the retiree

Non-Medicare RETIREE COVERAGE	Group Medical, Single Coverage	EWEB pays partial subsidy toward premium.
	Group Dental, Single Coverage	Retiree pays full premium
	Group Vision, Single Coverage	Retiree pays full premium
Medicare Eligible SPOUSE COVERAGE	PERS Medical, Single Coverage	Retiree pays full premium
	PERS Dental, Single Coverage	Retiree pays full premium

YEARS OF SERVICE TABLE

The amount of premium subsidy available from EWEB is based in part on the retiree's years of service from original hire date, adjusted for any breaks in service. For the purposes of this document, a break in service includes a separation of employment or any time during which an individual works as a temporary or contract employee.

The following table shows the Years of Service contribution rates for EWEB and retirees:

TIER 3 YEARS OF SERVICE TABLE		
<i>Years of Service</i>	<i>EWEB % Contribution</i>	<i>Retiree % Contribution</i>
0 – 10	0	100%
11	37.50%	62.50%
12	41.25%	58.75%
13	45.00%	55.00%
14	48.75%	51.25%
15	52.50%	47.50%
16	56.25%	43.75%
17	60.00%	40.00%
18	63.75%	36.25%
19	67.50%	32.50%
20	71.25%	28.75%
21 or more	75.00%	25.00%

Effect of EWEB Contribution Caps on Initial Premiums

EWEB's contribution to retiree medical benefits will be capped effective January 1, 2004. When an employee retires, the cap may affect the calculation of the retiree's initial premium according to the Years of Service table. If actual insurance premium trends are less than or equal to the projected amounts, there is no affect on the calculation of initial premiums. However, if actual trends exceed the projected amounts, the cap may prevent new retirees from receiving the full benefit of the Years of Service table.

For example, if an employee retires with 21 years of service:

The retiree contribution according to the YOS table would be:	25%
If the total premium at year of retirement was:	\$100
The retiree premium according to the YOS table would be:	\$25
If the EWEB cap in that year was:	\$70
The retiree would actually pay:	\$30

In this example, the amount that EWEB would pay according to the YOS table (\$75) exceeded the cap for that year. The retiree absorbed the additional premium cost above the cap. So instead of paying 25% based on the YOS table, the retiree actually paid 30%.

COVERAGE CHANGES

This section applies to members covered under the EWEB Group Retiree Health Plan. Members should contact PERS or read the PERS Health Insurance Program Member Handbook for information about PERS enrollment opportunities.

Members covered under the EWEB Group Retiree Health Plan may opt-out or remove dependents from the plan at any time for any reason. The election to opt-out or remove members from the plan is irrevocable.

Other changes to Group Retiree Health Plan coverage may be permitted mid-year or during annual open enrollment, as described below.

In any case, the coverage for enrolled dependents must match the coverage for the retiree.

Example 1: If a retiree drops group dental coverage for himself, he must also drop group dental coverage for all enrolled dependents.

Example 2: If a retiree who has group medical, dental, and vision coverage marries and wants to add her new spouse, the spouse must enroll in all three plans as well (medical/dental/vision).

Example 3: If a retiree who has only group medical coverage marries and wants to add his new spouse, the spouse can be enrolled only in the group medical plan.

MID-YEAR STATUS CHANGES

Adding dependents to the EWEB Group Retiree Health Plan mid-year may be permitted in the case of a Special Enrollment, as shown below:

New Dependent(s) of:	Special Enrollment Event		
	Marriage or Establishment of Domestic Partnership	Birth or Adoption	Loss of Other Coverage
Retiree	Yes	Yes	N/A
Spouse of Retiree	N/A	See Retiree	No
Dependent Children of Retirees	No	No	No
Surviving Spouse of Retiree	No	No	No

EWEB must receive notice of Special Enrollment events within 30-days of the event.

ADJUSTMENTS TO PREMIUMS

When a member adds or removes dependents from the Group Retiree Health Plan, the premiums will be adjusted to reflect the new level of coverage (e.g. Retiree Only to Retiree + Family). The adjusted premium will reflect the appropriate EWEB Maximum Contribution for the year the status change occurs and for the new level of coverage. Premium adjustments are effective the first of the month after a change occurs. There is no EWEB subsidy for newly acquired dependents of surviving or divorced spouses of retirees.

ANNUAL OPEN ENROLLMENT

Changes permitted during Open Enrollment include:

Members on EWEB Group Retiree Health Plan

- Change plan options
- Decline (opt-out) of coverage

Members on COBRA Continuation (Oregon or Federal)

- Add dependents (any reason)
- Change plan options
- Decline (opt-out) of coverage

Once a member opts-out of coverage, the member cannot re-enroll in the EWEB Group Retiree Health Plan.

ANNUAL ADJUSTMENTS TO PREMIUMS

Effective January 1, 2004, retiree premium contributions may be subject to annual adjustments, including by reason of the following factors:

1) Insurance Premium Trend Increases/Decreases

Retiree premium contributions will be subject to annual premium adjustments based on changes in total insurance premium costs. Premiums will increase or decrease proportionally to increases or decreases in total premium costs (before applying adjustments described under the section “EWEB Contribution Caps”).

Premium contribution adjustments for non-Medicare eligible members shall be calculated in relation to EWEB's Group Medical Plan rates. Premium contribution adjustments for Medicare eligible retirees will be calculated in relation to PERS medical plan rates.

The first retiree premium adjustment due to trend increases shall be effective January 1, 2004.

2) EWEB Contribution Caps

EWEB's contribution to retiree medical benefits will be capped effective January 1, 2004. Retiree premium contributions shall be increased, if necessary, to reflect the difference between the actual total premium cost and the maximum EWEB contribution.

The initial maximum EWEB contribution levels shall be calculated for 2003 as the difference between 2003 actual premiums and the retiree initial contributions for 2003.

The maximum EWEB contribution levels will be established in 2003 and increased each year by the following percents: 12.5% in 2004, decreasing by ½% per year to 6% in 2017, and remaining at 6% each year thereafter.

Example 1 – Actual Insurance Premium Trend Increase is Higher than Projected

Tier 3C, Retired in 2003 w/ 21 YOS, EWEB Group Medical Plan, 2-Party						
Year	Actual Group Medical Premium		EWEB Maximum Contribution		EWEB Actual Contribution	Retiree Actual Contribution
	% Increase	\$	% Increase	\$		
2003	N/A	\$600.10	N/A	\$450.08	\$450.08 (75%)	\$150.02 (25%)
2004	37%	\$824.70	12.5%	\$506.33	\$506.34 (61%)	\$318.37 (39%)

Example 2 – Actual Insurance Premium Trend Increase is Lower than Projected

Tier 3C, Retired in 2003 w/ 21 YOS, EWEB Group Medical Plan, 2-Party						
Year	Actual Group Medical Premium		EWEB Maximum Contribution		EWEB Actual Contribution	Retiree Actual Contribution
	% Increase	\$	% Increase	\$		
2003	N/A	\$600.10	N/A	\$450.08	\$450.08 (75%)	\$150.02 (25%)
2004	10%	\$660.11	12.5%	\$506.34	\$495.08 (75%)	\$165.03 (25%)

The EWEB Group Retiree Health Plan and PERS health plans have different premiums, trend rates and caps. Therefore, when a retiree becomes eligible for Medicare and moves from the EWEB Group Retiree Health Plan to a PERS plan, that retiree's premiums are adjusted to

reflect the new plan rates. The adjusted retiree premium will reflect the appropriate EWEB maximum contribution (cap) for the year the change occurs and for the new plan.

The specific calculations for determining EWEB and retiree contributions are shown in the index of this handbook.

PREMIUM BILLING

EWEB contracts with an outside vendor for the billing of retiree insurance premiums. Members are responsible for submitting payments directly to the vendor.

Non-payment of premiums may result in irrevocable termination of coverage.

EWEB makes every effort to ensure that retirees are billed the correct amounts for their insurance coverage. However, in the event of an error in which the member is under-billed, EWEB reserves the right to recover funds that resulted from the error.

In the event a member is over-billed EWEB will correct the error by reimbursing the retiree as soon as the error is discovered.

DIVORCED SPOUSES OF RETIREES

The following information applies to termination of domestic partnership, as well as to divorce situations.

If the divorced spouse is age 55 or older at the time of divorce, the divorced spouse may elect to continue coverage under the EWEB Group Retiree Health Plan through Oregon COBRA until eligible for Medicare.

If the divorced spouse is under age 55 at the time of divorce, the divorced spouse may continue coverage under the EWEB Group Retiree Health Plan through Federal COBRA for up to 36 months. If the divorced spouse becomes eligible for Medicare during the 36-month COBRA period, Group Retiree Health Plan coverage terminates.

Regardless of age, group coverage terminates if the divorced spouse becomes covered under another group health plan, either by new employment or through marriage.

There is no premium subsidy from EWEB for divorced spouses of retirees.

If the divorced spouse re-marries within 36-months of the divorce (Federal COBRA continuation coverage period), the new spouse and any eligible dependents of the new spouse

TIER 3C

may be covered under the EWEB group plan until the period of 36-months since the divorce has expired. At that time, group coverage terminates for the new spouse and eligible dependents of the new spouse. If the divorced spouse becomes eligible for Medicare or otherwise loses group plan eligibility during the 36-month COBRA period, group coverage terminates for all members (the surviving spouse, the new spouse and all eligible dependents of the new spouse). There is no subsidy from EWEB for coverage of the new spouse and eligible dependents of the new spouse.

If the divorced spouse re-marries after 36-months of the retiree's death, the new spouse is not eligible for EWEB group coverage.

INDEX**Calculations for Determining Retiree & EWEB Contributions****TIER 3C: NON-MEDICARE ELIGIBLE**

EWEB Group Medical Plan <i>For those who retired between 1/1/1994 and 12/31/2003</i>	
Retiree Initial (2003) Contribution	Total Actual Group Medical Premium at year of retirement * Retiree YOS%
Retiree Contribution Ratio	Retiree Initial Contribution / Total 2003 Group Medical Premium
EWEB Initial (2003) Contribution	Total 2003 Group Medical Premium – Retiree Initial Contribution
EWEB Maximum Contribution	EWEB Initial Contribution Increased by the Cap Index each year
Retiree Minimum/Trended Contribution	Total Actual Group Medical Premium * Retiree Contribution Ratio
EWEB Actual Contribution	LOWER OF (EWEB Maximum Contribution) OR (Total Actual Group Medical Premium – Retiree Minimum/Trended Contribution)
Retiree Actual Contribution	Total Actual Group Medical Premium – EWEB Actual Contribution

EWEB Group Medical Plan <i>For those who retired on or after 1/1/2004</i>	
Retiree Initial (2003) Contribution	Total 2003 Group Medical Plan Premium * Retiree YOS%
Retiree Contribution Ratio	Retiree YOS%
EWEB Initial (2003) Contribution	Total 2003 Group Medical Premium * EWEB YOS%
EWEB Maximum Contribution	EWEB Initial Contribution Increased by the Cap Index each year
Retiree Minimum/Trended Contribution	Total Actual Group Medical Premium * Retiree Contribution Ratio
EWEB Actual Contribution	LOWER OF (EWEB Maximum Contribution) OR (Total Actual Group Medical Premium – Retiree Minimum/Trended Contribution)
Retiree Actual Contribution	Total Actual Group Medical Premium – EWEB Actual Contribution

EWEB Group Dental Plan
Retiree pays full premium
EWEB Group Vision Plan
Retiree pays full premium
EWEB Group Vision Buy-up Plan
Retiree pays full premium

TIER 3C: MEDICARE ELIGIBLE

PERS Medical Plan*	
Retiree Initial (2003) Contribution	PERS 2003 “Retiree Only” Medical Plan Premium * Retiree YOS%
Retiree Contribution Ratio	Retiree YOS%
EWEB Initial (2003) Contribution	PERS 2003 “Retiree Only” Medical Premium * EWEB YOS%
EWEB Maximum Contribution	EWEB Initial Contribution Increased by the Cap Index each year
Retiree Minimum/Trended Contribution	PERS “Retiree Only” Medical Premium * Retiree Contribution Ratio
EWEB Actual Contribution	LOWER OF (EWEB Maximum Contribution) OR (PERS “Retiree Only” Medical Premium – Retiree Minimum/Trended Contribution)
Retiree Actual Contribution	Total Actual PERS Medical Premium – EWEB Actual Contribution

*Calculations are based on PERS “Retiree Only” premium. If a retiree enrolls a spouse/family, the retiree pays the full dependent portion of the PERS premium (PERS Family Premium – PERS Retiree Only Premium). There is no EWEB contribution toward Tier 3 dependent premiums for PERS coverage. If a spouse enrolls in PERS before the retiree, the spouse pays the full PERS “Retiree Only” Non-RHIA Premium.

PERS Dental Plan
Retiree pays full premium

Monthly Insurance Premiums
Used to Calculate EWEB Initial Contribution

EWEB Group Plan – 2003 Rates			
	Single	2-Party	Family
Medical	\$266.80	\$600.10	\$781.50
Dental	\$42.24	\$90.25	\$123.52
Vision	\$4.24	\$6.15	\$11.03

PERS Health Plans – 2003 Rates		
	Retiree w/Medicare	Retiree & Family w/Medicare
PROVIDENCE HEALTH PLAN		
<i>Region I</i>	\$80.02	\$215.34
<i>Region II</i>	\$105.02	\$265.41
ODS HEALTH PLANS	\$114.55	\$277.45
KAISER PERMANENTE	\$47.71	153.82
CLEAR CHOICE HEALTH PLANS	\$92.02	\$239.15