

Manville/Schuller Pursues Revised Health Benefits

Fern Bengtson

Salaried retirees received a letter (dated June 11, 1993) from Tom Stephens, which addressed retiree health care benefits. Stephens announced a plan to solicit input from retirees. He advised that several focus groups around the U.S. would meet to discuss the health care issue. A survey would then be conducted to follow up on issues and ideas identified by the focus groups.



The Manville Retirees Association did not know of the plan until the June 11th letter was received. The MRA Board of Directors met immediately to discuss the details

presented in the letter. A decision was made to offer support by first offering names and phone numbers of MRA members for the focus groups. Manville contacted many of these people, and many of them attended focus group meetings in their geographic area.

The MRA Board of Directors met after the focus group meetings concluded to review the feedback from MRA attendees. A decision followed to write Ann Henley, Director of Benefits, offering to participate in the survey planning and stating the MRA position on the issues discussed at the focus group meetings.

The Board invited her to meet on July 2nd. At that meeting, the letter was presented to her and was reviewed in detail. A copy of the letter is printed below.

The MRA Board also offered various options where retirees could be of help. On July 22nd, a follow-up call was made to Ann Henley. She indicated a desire by Manville to work with the Retirees Association in several areas that had been suggested at the July 2nd meeting. MRA offered to try to help reduce Manville's cost of *current* benefits by contributing time rather than money. One way that this might be done is to help negotiate with the providers of health care. Retirees would need more information to pursue this effort.

Manville retirees are willing to reduce costs in this way as well as in other ways discussed with Ann Henley. MRA is hopeful that this cooperative effort will result in some positive action with Manville in the areas of cost control. You will be advised of progress.

MRA Board Letter to Ann Henley

Dear Ann:

On behalf of the Manville Retirees Association, I want to communicate to you our appreciation for inviting several of our members to the recent focus group meetings at which medical benefits were discussed.

At a recent meeting of the Retirees Association Board, we concluded that we definitely want to be part of the team that is addressing the issues and developing solutions to them. We accept Mr. Stephens' invitation to form a partnership to address health care issues.

A number of individuals who attended the focus group meetings have given us feedback on what transpired at the meetings in various cities. Based upon that feedback, we have determined that the attendees' impressions and reactions were almost unanimously as follows:

- 1. Manville needs to work on developing ways to reduce health care costs before asking that retirees consider any changes to their benefits. An example of this would be to extend the Alliance concept under which health charges are reviewed by competent and knowledgeable professionals. Many retirees have "horror stories" to tell regarding hospital and other billings that were reduced dramatically after being questioned. The Retirees Association offers to help Manville in this effort to control costs—without changing any of the existing benefit programs.*
- 2. The format of the questionnaire was objectionable to virtually everyone who saw it, in that "None of the above" or "No changes" was not given as one of the choices. In other words, the questionnaire seemed to presuppose that retirees have already agreed to make benefit changes, and all that remained to be done was to identify what the specific changes were.*
- 3. Indeed, "no changes" was clearly the number one preference at each of the focus group meetings.*

The reasons for this preference include:

- a. Health benefits were and are a part of the total compensation package offered to individuals - - first to become, and then to remain employees of Manville. To offer health care as an incentive for continued employment or for early retirement at one time, and then reduce it after employment is unconscionable.*
- b. All of Manville's costs are increasing, not just Health Care costs. Yet, Health Care costs seem to have been singled out because they have been rising faster than the overall inflation rate, or the cost of living in general. Accordingly, Manville is asking retirees to increase their share of such costs. In actuality, however, retirees are already bearing the full impact of increased costs of living, while monthly pension checks remain static.*
- c. Manville's participation in retirees' health care costs is greatly diminished after age 65 because of Medicare. But Manville has a large retiree population of persons under 65 (and therefore has high benefit costs) because of forced early retirements resulting from staff reductions perceived to be in Manville's interest. It appears incongruous to now ask those who were hurt by such actions (the early retirees) to help the Corporation that presumably benefitted from the actions. Future health costs should have been part of the information used when decisions were made to reduce staffs, and should have been properly accrued for at the time. Furthermore, the population of retirees under 65, with health benefits, should be declining, thereby reducing Manville's costs.*

I hope that this information is useful to you, and as I stated above, we look forward to help in bringing about positive changes in the health care arena. We have informally discussed a number of ideas which we would like to pursue with you, and welcome your suggestions on other areas in which we might help.

*Sincerely,
Ed Bettinardi, President*

Dr. Anderson Retiree Luncheon Talk

Ed Bettinardi

Dr. Robert Anderson, Senior Vice President, Science and Technology, Schuller International, Inc., spoke at the Columbine retirees luncheon on Friday July 16, 1993. A significant portion of his presentation dealt with possible changes to the Manville retiree health benefit programs.



He showed several of the Hewett Associates slides used in conducting the focus groups on this subject, as well as other more recently compiled information.

The statistic that caused the most discussion was the 1.4 (Manville /Schuller) retirees (both salaried and hourly) for every active Schuller employee, excluding Riverwood. The conclusion Dr. Anderson presented was that it would be impossible for existing Schuller

employees and the Corporation to bear this burden. Change in the benefit programs is apparently inevitable, with a strong suggestion that HMO's are the wave of the future. The audience reacted strongly in favor of continuing the current Preferred Provider system, and not switching to an HMO, and asked that Manville take actions to help reduce the cost of that system without changing the way it works.

Two possible actions were discussed that Manville could take to significantly reduce costs without making any significant benefit changes:

- 1) to institute a prescription drug plan for retirees similar to that used for active employees in which a mail-order firm dispenses the prescriptions.
- 2) to change the payment policy to that established by Medicare rather than the current "Customary and Reasonable" schedules [Ed-except prescription drugs].

Both of these changes could result in significant savings to Manville without significantly affecting the benefits received. However, although the prescription plan would be quite easy to implement, the Medicare limits program would be significantly more difficult.

Several people in the audience responded by offering time, rather than money, to help Manville institute such a plan. Indeed, the concept of retirees offering time, rather than taking away either from benefits or fixed incomes was discussed at length.

Subsequent discussions with Ann Henley, Director of Benefits, however did confirm that Dr. Anderson conveyed the message to Ann that the retiree group was not in favor of switching to an HMO, and would be willing to contribute time rather than money to help reduce Manville's costs. We anticipate that, as the Employee Benefits department circulates a

broad based survey to retirees, a question on the willingness of retirees to donate time will be included.

In any event, Manville is apparently planning to make changes in the Health Benefits program for retirees at the start of 1994, but what those changes will be presently is not known. Discussions with Manville will continue, and members of the Retirees Organization will be informed at the earliest possible time.

Liability Insurance

Bill Snyder

The Manville Retirees Association Board decided at its July 26th meeting to purchase liability insurance. This insurance will protect all those who help the Association including volunteers, committee members, committee chairmen, officers and directors.



This decision was made after receiving legal advice and learning that even non-members could sue the Association for some action it took, which the individual thought wasn't in his/her best interest. It was felt that those who donated their services shouldn't be exposed to the financial burden of defending themselves against lawsuits in this litigious society.

The Board decided on three million dollar coverage at a cost under one dollar per member. It is hoped that this action will enable others who would like to participate more actively in their Association to do so without fear of financial loss.

Questions

Q: How are MRA mailings being handled?

A: Manville sent the first three mailings. Now, the Association

is sending communications such as the newsletter to members only. Manville also agreed to put an information sheet in the new retiree packets. The information letter and a membership application was given to Ann Henley on July 2nd.

Q: What is the status of our application for tax free status?

A: We have been granted tax free status and now have a bulk mail permit for non-profit rates. The savings in postage on the last newsletter was 8.7¢ each, or a total of \$225.

Board Sets Annual Dues

John Leasher

In discussing the need for annual dues, the Board noted that a reserve must be built up in the event that the Association requires legal support (although no large legal expenditures are presently being contemplated).



The Board has also approved the purchase of liability insurance (see separate article). In connection with this purchase, the Board will seek legal advice as to the actions that covered individuals may or may not take under the policy.

Although the Association's other expenses are quite minimal, they are increasing. For example, Manville had been paying for the costs of duplicating and distributing this newsletter. These costs are now being borne by the Association.

Accordingly, the Board decided to set annual dues at \$20.00 per member.

We hope that this brief write-up explains the need for the dues. Please cut out the annual enrollment form from the newsletter, and send it in with your dues payment. If you do

this promptly, we can avoid the expense of having to send you a follow-up letter. Thanks!

Another Question

Q: I was told by Alliance that retiree insurance is not considered supplemental insurance to Medicare, It is considered a "Carve Out Program." Explain.

A: Manville's health plans are plans that pay for most non-elective medical problems using a fee structure based on C & R (Customary and Reasonable) charges for the area. Once a Retiree becomes eligible for Medicare Parts "A" & "B", Manville deducts (i.e., carves out—your medical plan manual uses the word coordinates) the amount paid by Medicare from the amount to be paid by Manville. Manville deducts the Medicare benefit whether or not you have Part "B" coverage. (This is why you should take Medicare Part "B" coverage.)

To better understand Medicare coverage, we suggest you write or call for a free copy of *Guide to Health Insurance for People with Medicare*, pub HCFA-02110. from:

U.S. Dept of Health & Human Services, Health Care Financing Administration, 6325 Security Blvd., Baltimore, MD 21207; or

Attn; Publications/Medicare, National Ass'n of Insurance Carriers, 120 W. 12th St., Kansas City, MO 64105 (816-374-7259)

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MRA Board reacts to Tom
 Stephens' letter on health care.