

# Transitioning Retiree Health Care Smoothly

## The AMERICAN Cast Iron Pipe Company's Retiree Medical Strategy

### A Case Study

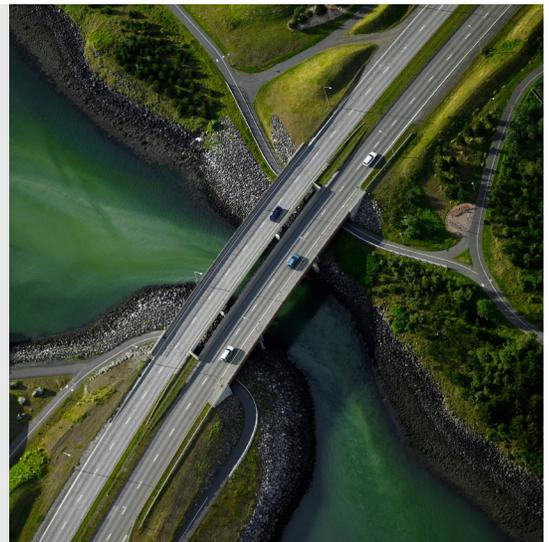
#### At a Glance

**Client:** Founded in 1905, this leading manufacturer creates a diversified product line used for water infrastructure and other applications worldwide

**Challenge:** Help transition Medicare-eligible retirees, spouses and dependents to Medicare-only coverage

**Approach:** Leverage Willis Towers Watson's expertise and experience to ensure a smooth transition for the retiree population

**Result:** Effective and reassuring retiree meetings, smooth transition to Willis Towers Watson's Individual Marketplace, and positive follow-up survey results



Founded in 1905 in Birmingham, Alabama, AMERICAN Cast Iron Pipe Company is a leading manufacturer of ductile iron pipe, spiral-welded steel pipe, valves and hydrants that make up much of this and other countries' water infrastructure. AMERICAN's diversified product line also includes electric-resistance-welded steel pipe for the oil and natural gas industries; static castings for the construction, agriculture and mining industries; and high-performance fire pumps for the fire protection industry.

AMERICAN's Golden Rule business philosophy – treat others the way you want to be treated – was introduced shortly after its founding by John J. Eagan, the company's first president and later, sole proprietor. Eagan believed that a company run in accordance with the teachings of his Christian faith would be of service to God while benefiting all — employees, customers and society.

The early 1900s were a time of great strife between workers and management. Low wages and poor working conditions were common in industry. **Eagan was committed to building a different kind of company, one that would provide fair pay and unprecedented benefits, such as overtime pay, health care, and retirement savings.** These kinds of benefits would not be commonplace in business until decades later.

When Eagan died in 1924, he left the company in a trust to be managed by employees.

#### The Challenge

In the company's early days, Eagan would often walk from his apartment in downtown Birmingham to AMERICAN's plant north of the city. He would occasionally stop to visit with employees in their homes to assure the wages employees earned were sufficient to support their families.

Eagan was also committed to the well-being of employees, building a medical clinic onsite to provide medical, vision, dental and prescription drug services to employees, retirees and their families. In 2006, 82 years after Eagan's death, the company moved to a more traditional group health care plan, offering employees more health care options, and the clinic became privately operated. AMERICAN's retirees relied on Medicare Parts A and B as their primary coverage, but remained on the company's group health care plan as secondary coverage.

*At that time, rising health care costs dictated that AMERICAN could no longer offer retiree medical benefits as of 2020. As the 2020 date approached, a team began to explore how to help Medicare-eligible retirees, spouses and dependents transition to Medicare-only coverage.*

## The Solution

The concept of an individual marketplace for Medicare-eligible retirees with a health reimbursement arrangement (HRA) appealed to the team. This option would allow the company to **provide financial support for Medicare-eligible retirees and dependents during a transition period, while providing these individuals with the services of knowledgeable advisors to guide them in selecting the Medicare plans best suited to meet their needs.**

Willis Towers Watson's Individual Marketplace was among the companies and services AMERICAN felt would be a good fit to walk Medicare-eligible retirees and dependents through this transition. AMERICAN's team benchmarked with several companies and, based on its research and feedback, chose to partner with Willis Towers Watson.

"It was evident early on that the transition was not something we could manage in-house; it was simply too complex, and we had some 2,200 retirees and dependents on Medicare," said Julie Shedd, director of Human Resources at AMERICAN. "We needed a partner with the expertise and experience to ensure the transition would go smoothly for our retirees."

Once the decision was made to go with Willis Towers Watson's Individual Marketplace, several of AMERICAN's team members made the trip to Dallas to see firsthand the operations center and meet with some of the individuals who would be key in implementing the transition.

*"One thing that really impressed us was the sensitivity training that Willis Towers Watson provides its employees to help them empathize with older individuals who might have mobility or vision impairments," Shedd said.*

### About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 40,000 employees serving more than 140 countries. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas — the dynamic formula that drives business performance. Together, we unlock potential. Learn more at [willistowerswatson.com](http://willistowerswatson.com).

"We also toured the facility and had the opportunity to meet and talk with some of the individuals who would be answering calls from our retirees, which reaffirmed our decision."

## Implementation

AMERICAN's Retiree Club, a very active group of retirees and spouses who stay connected and well informed of happenings at the company, meets every other month at the plant. The team decided to time the announcement of the transition plan with a regular Retirees Club meeting. A Willis Towers Watson marketplace ambassador was on hand to introduce the retirees to the new process, and describe the support they would receive. At the same time, an informational booklet with more details was mailed to the homes of all retirees.

The next step was a series of meetings led by Shedd and representatives from Willis Towers Watson. These meetings — 16 over eight days — covered the process in detail and offered attendees an opportunity to ask questions. Some retirees and their family members expressed concern, **but found the plan satisfactory and appreciated the company's effort to provide financial and other assistance.**

"Overall, the plan was well received," Shedd said, "with most leaving the meetings comfortable with the transition plan and next steps. We went to great lengths to assure retirees and their families that we understood the very personal nature of this transition and to provide them with all the necessary resources to help them select the Medicare plans best for them."

## Results

AMERICAN is pleased with its decision to partner with Willis Towers Watson. Follow-up surveys showed retirees, too, were pleased with the enrollment process, as well as the communications provided.

*Shedd said, "We knew this would be a huge change for our Medicare-eligible retirees and dependents, and we were committed to ensuring the transition went as smoothly as possible for them. Going with Willis Towers Watson was the right decision."*